

# Financial Results

## The 3<sup>rd</sup> Quarter of FY2020

(Apr. 1 – Dec. 31, 2020)



ZEON makes the Future Today  
through the Power of Chemistry

# ZEON

## ZEON CORPORATION

Jan. 29, 2021

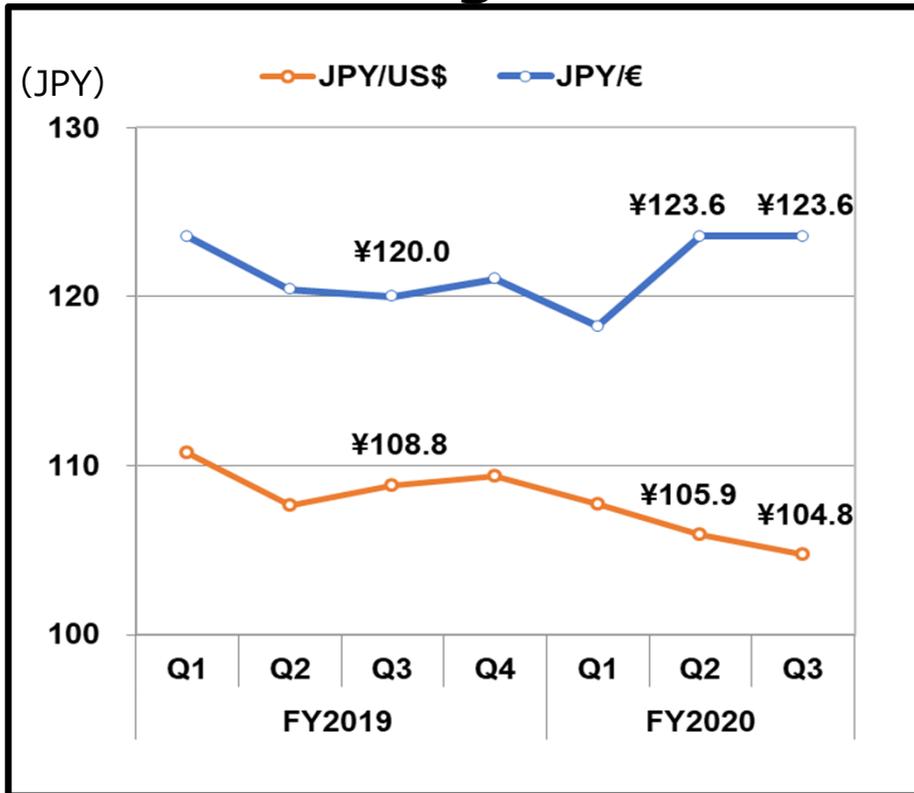
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**Elastomers are recovering, Specialty Materials are steady. Thus, sales of 3Q maintained YoY level, and operating income exceeded YoY. There is no impact on procurement and production by Covid-19.**

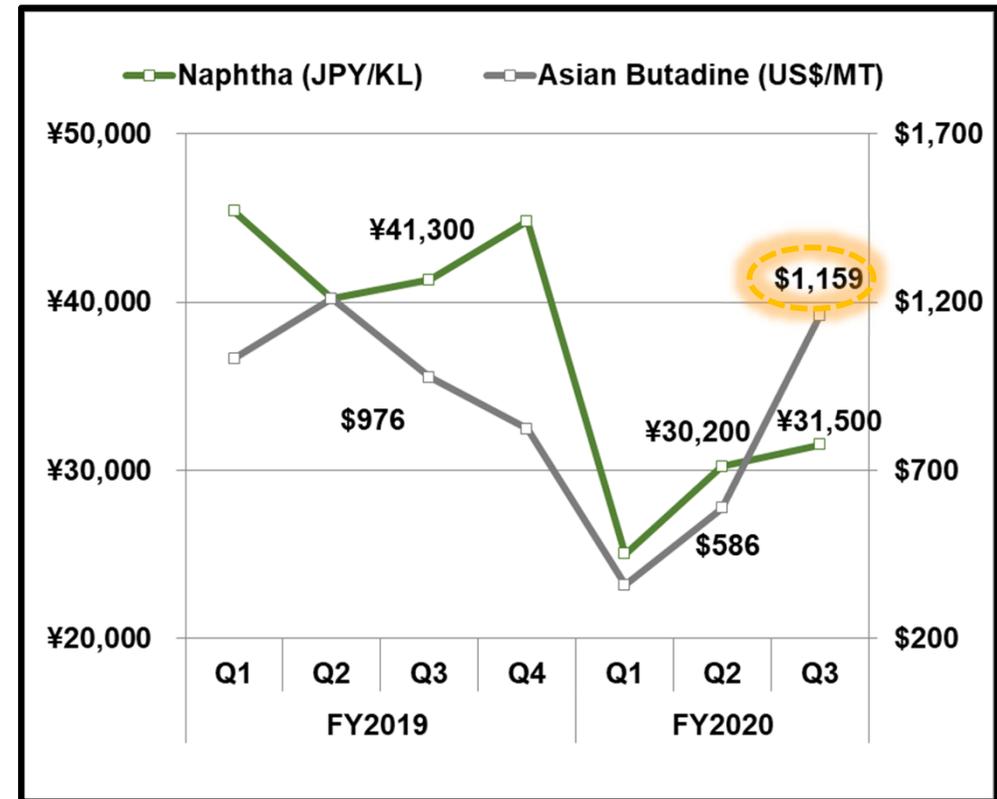
**Elastomers: The demand for Rubbers was in the recovery trend and for Chemicals was steady. Latexes demand for medical/sanitary gloves was higher than expected.**

**Specialty Materials: The demand for Optical films and plastics were steady. Energy materials were in the recovery trend. Toner had a strong business by the expanding demand for home printers due to the Covid-19. Thus, reached OP record as a quarter result.**

## 【Exchange rate】



## 【Raw Materials】



	3Q-FY2019	2Q-FY2020	3Q-FY2020	YoY	QoQ
JPY/US\$	¥108.8	¥105.9	¥104.8	-4%	-1%
JPY/€	¥120.0	¥123.6	¥123.6	+3%	0%
Naphtha (JPY/KL)	¥41,300	¥30,200	¥31,500	-24%	+4%
Asian Butadinene (JPY/MT)	\$976	\$586	\$1,159	+19%	+98%

# Summary of Performance

(Unit : JPY100m)

	3Q FY2019	2Q FY2020	3Q FY2020	YoY	QoQ	1-3Q FY2019	1-3Q FY2020	YoY
<b>Net Sales</b>	<b>792</b>	<b>679</b>	<b>789</b>	<b>-3</b>	<b>+110</b>	<b>2,426</b>	<b>2,163</b>	<b>-262</b>
<b>Operating Income</b>	<b>65</b>	<b>56</b>	<b>112</b>	<b>+46</b>	<b>+56</b>	<b>215</b>	<b>211</b>	<b>-5</b>
<b>Ordinary Income</b>	<b>75</b>	<b>59</b>	<b>120</b>	<b>+45</b>	<b>+61</b>	<b>235</b>	<b>229</b>	<b>-6</b>
<b>Net Income</b>	<b>51</b>	<b>46</b>	<b>93</b>	<b>+41</b>	<b>+47</b>	<b>167</b>	<b>174</b>	<b>+8</b>

- YoY (in 3 mo.) : Net sales: -0.3B JPY, operating income: +4.6B JPY
- QoQ: Net sales: +11B JPY, operating income: +5.6B JPY
- YoY (in 9 mo.) : Net sales: -26.2B JPY, operating income: -0.5B JPY

\* July-Sept. 2020 results of overseas subsidiaries are consolidated in 3Q result.

# Summary of Performance (by segments)

**ZEON**

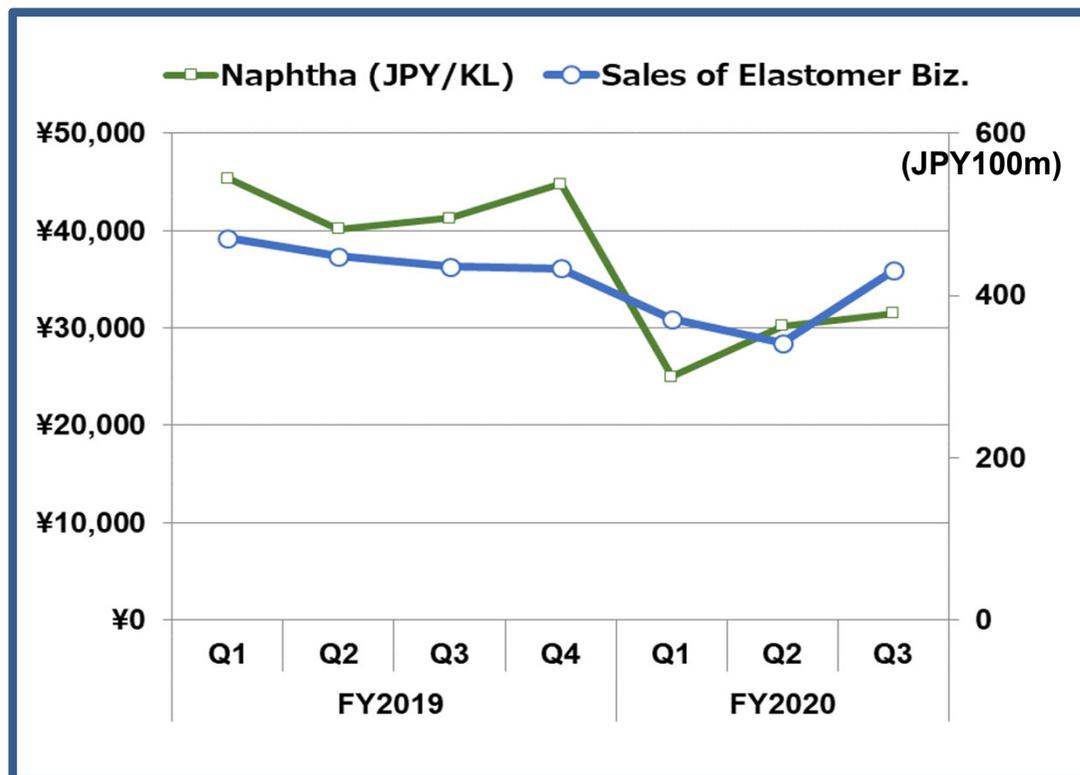
(Unit : JPY100m)

<b>Net Sales</b>	<b>3Q FY2019</b>	<b>2Q FY2020</b>	<b>3Q FY2020</b>	<b>YoY</b>	<b>QoQ</b>
Elastomer Business	435	342	431	-4	+89
Specialty Materials Biz.	224	242	237	+13	-5
Others/Eliminations, etc.	132	96	121	-11	+25
Net sales (consolidated)	792	679	789	-3	+110

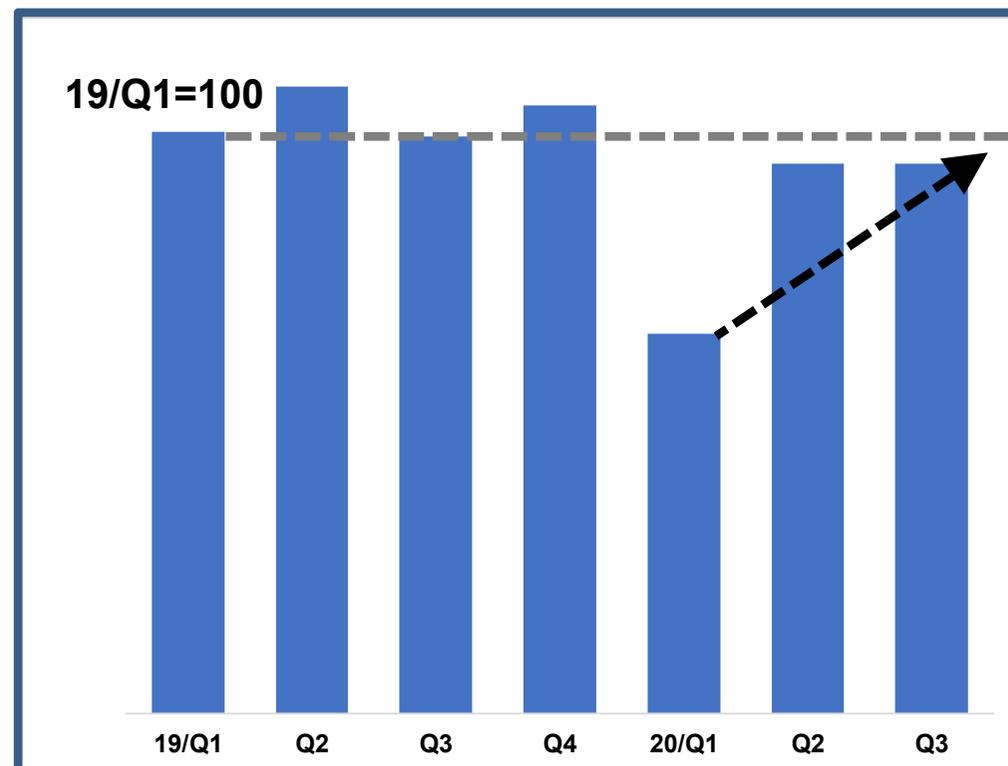
<b>Operating Income</b>	<b>3Q FY2019</b>	<b>2Q FY2020</b>	<b>3Q FY2020</b>	<b>YoY</b>	<b>QoQ</b>
Elastomer Business	26	9	45	+19	+35
Specialty Materials Biz.	40	49	66	+26	+17
Others/Eliminations, etc.	-1	-3	1	+2	+4
Op. Income (consolidated)	65	56	112	+47	+56

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【Naphtha price vs. Sales of Elastomer biz.】



【Sales volume of Rubbers\*】



\* Index: Sales/volume for 19/Q1=100

- Sales increased because of the main raw materials prices rose (the market situation and the supply/demand balance).
- Sales volume of rubbers are in the recovery trend since 2Q.

# Summary of P/L: Elastomer Business

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(Unit : JPY100m)

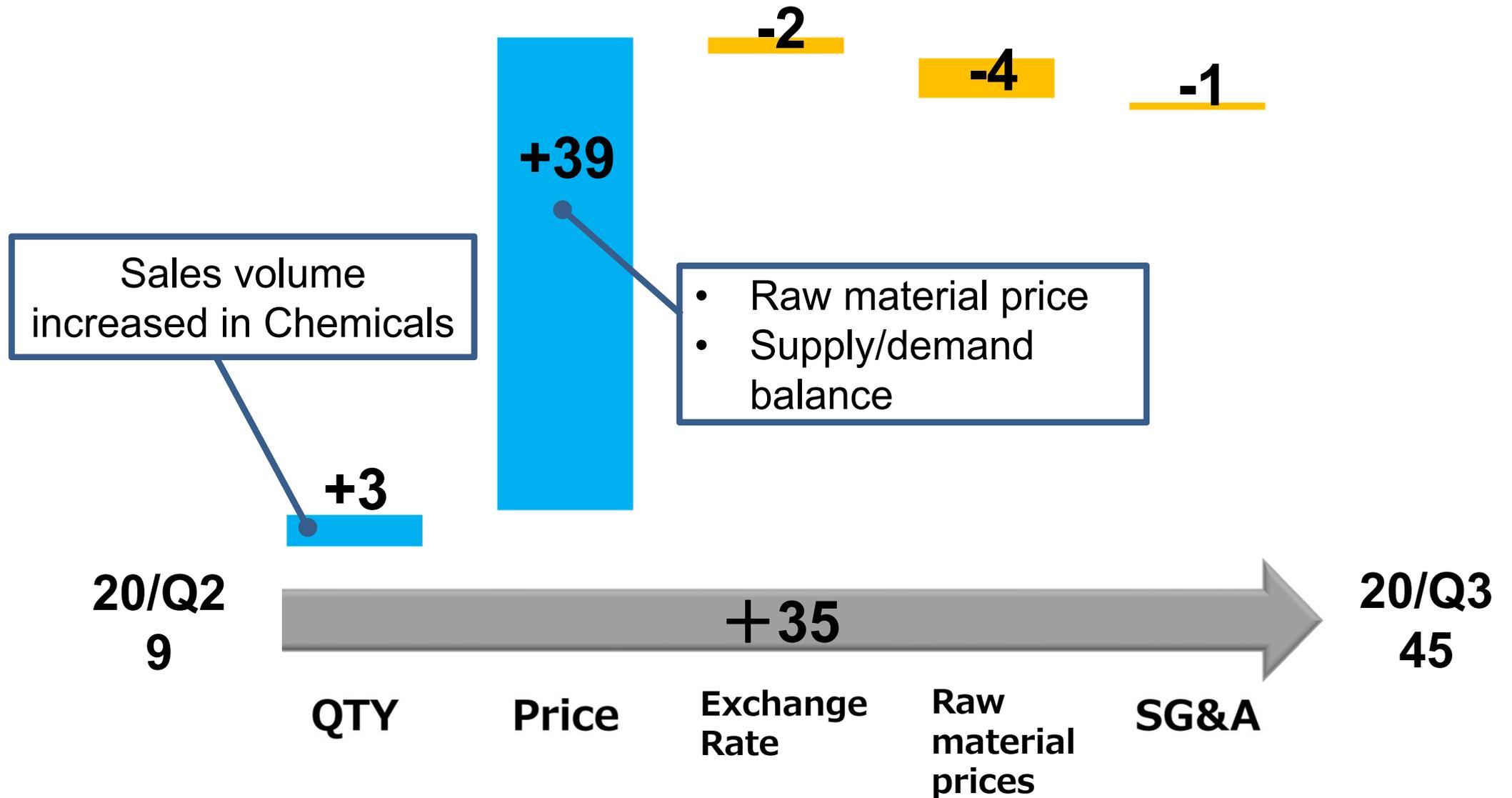
	3Q-2019	2Q-2020	3Q-2020	YoY	YoY (%)	QoQ	QoQ (%)
Sales volume (thousand tons)	150	146	151	1	1 %	5	4 %
Rubbers	85	82	82	-3	-4 %	-0	-0 %
Latexes	33	31	32	-1	-3 %	1	2 %
Chemicals	32	33	37	5	16 %	4	14 %
Net sales	435	342	431	-4	-1 %	89	26 %
Rubbers	297	218	286	-11	-4 %	68	31 %
Latexes	41	32	45	4	10 %	13	41 %
Chemicals	87	79	85	-2	-2 %	6	8 %
Others/Eliminations	10	13	15				
Operating income	26	9	45	19	73 %	35	374 %
Operating income ratio	6%	3%	10%				

- **Rubbers:** Sales volume maintained the 3Q-2019. Sales prices rose along with the raw material price. Net sales increased QoQ.
- **Latexes:** Sales price rose by the supply / demand balance for the medical / sanitary gloves. Net sales increased.
- **Chemicals:** Sales volume increased by the steady demand for petroleum resin. Net sales increased QoQ.

# Elastomers: Operating income variance (QoQ)

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(Unit : JPY100m)



# Summary of P/L : Specialty Materials

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(Unit : JPY100m)

	3Q-2019	2Q-2020	3Q-2020	YoY	YoY (%)	QoQ	QoQ (%)
Net sales	224	242	237	13	6 %	-5	-2 %
Specialty chemicals	73	67	69	-4	-5 %	2	3 %
Specialty plastics	137	163	154	17	12 %	-9	-6 %
Medical devices, etc.	14	12	14	-0	-3 %	2	17 %
Operating income	40	49	66	26	65 %	17	35 %
Operating income ratio	18%	20%	28%				

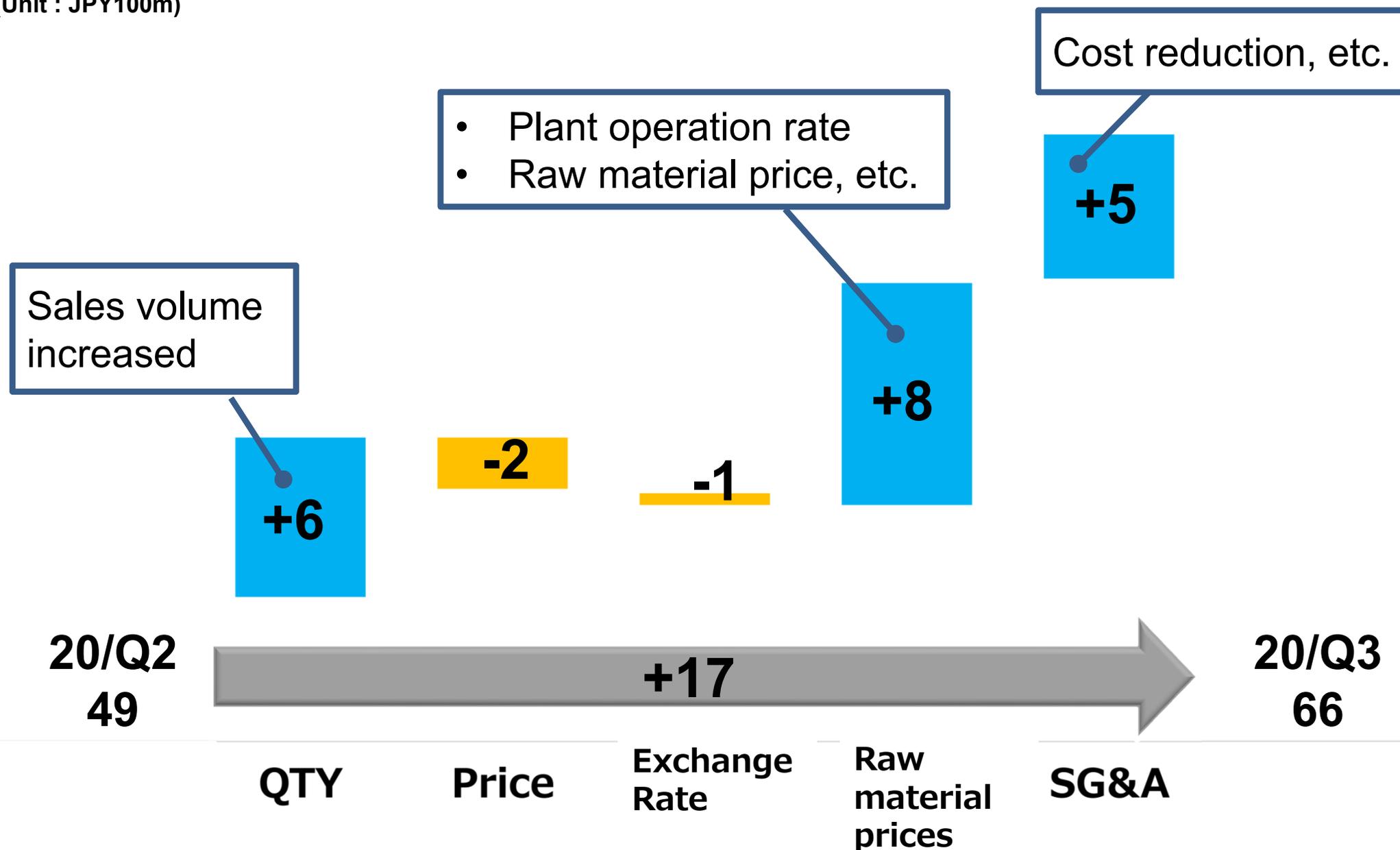
## ■ Specialty Chemicals:

- Battery Materials' shipment was on the recovery trend.
- Toner had a increased demand for the home printers by Covid-19.
- Specialty Chemicals has steady demand, but controlling the shipment to prepare for the shut-down maintenance of the Mizushima plant.

## ■ Specialty Plastics: Both Optical plastics and Films had steady business.

# Specialty Materials: Operating income variance (QoQ)

(Unit : JPY100m)



	YoY	QoQ
EV	112%	142%
Consumer use, etc.	173%	98%
Total	128%	123%

■ **EV:**

The shipment is recovering both for Europe/USA and China market.

■ **Customer use, etc.:**

Steady demand for the mobile devices (by remote working).

ESS (Energy storage system) demand is also steady (including 5G base station).

	YoY	QoQ
Optical use	150%	125%
Medical use, etc.	95%	96%
Total	110%	124%

## ■ Optical use:

The demand is steady (by the multi-camera smartphones).

Still controlling the shipment to prepare the construction to expand the production capacity and the regular shut-down maintenance in July, 2021.

## ■ Medical use, etc.:

The demand is steady. Controlling the shipment by the same reason above.

	YoY	QoQ
For small-to-medium size	131%	105%
For large size FPD	106%	97%
Total	112%	99%

- **For small-to-medium size:**

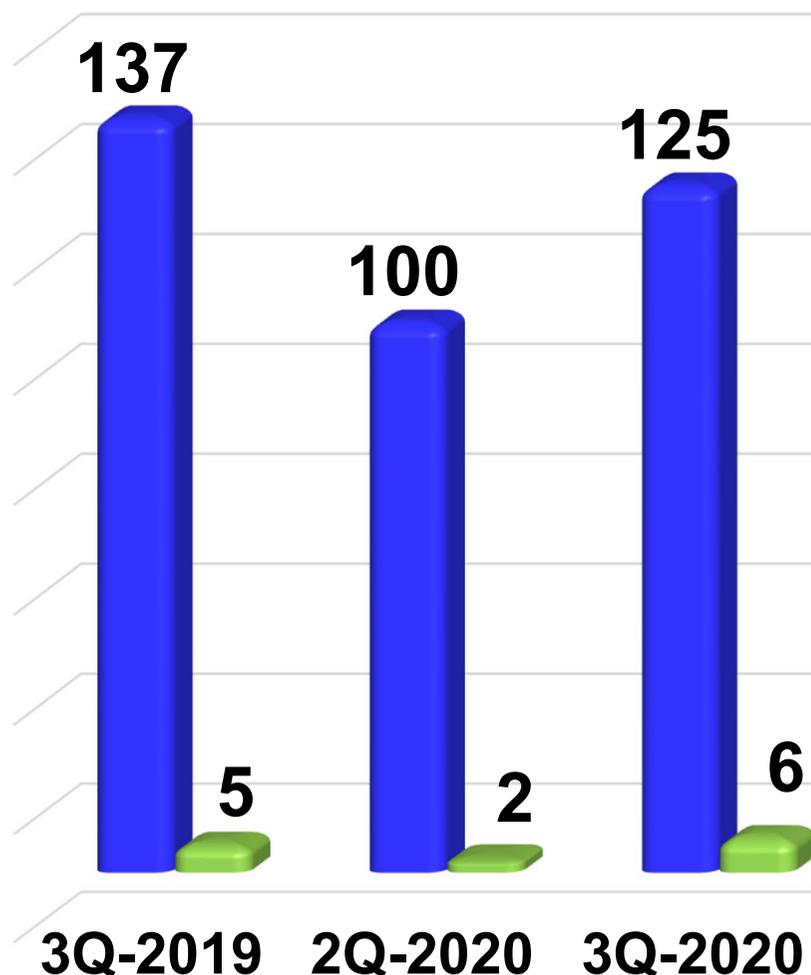
The demand for the mobile devices (by remote working) continues.

- **For large size FPD:**

Despite the forecast of the demand decrease, the business continued steady by the increased shipments to the Chinese market.

# Summary of P/L: Others

(Unit : JPY100m)



## 【3Q (three months) /Year-on-year】

Net sales : -1.2 billion yen

Operating income: +0.1 billion yen

## 【QonQ】

Net sales : -2.5 billion yen

Operating income: +0.4 billion yen

Sales increased in Trading and Paint business

■ Net Sales    ■ Operating Income

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# Summary of B/S

## 【Current assets】 +42

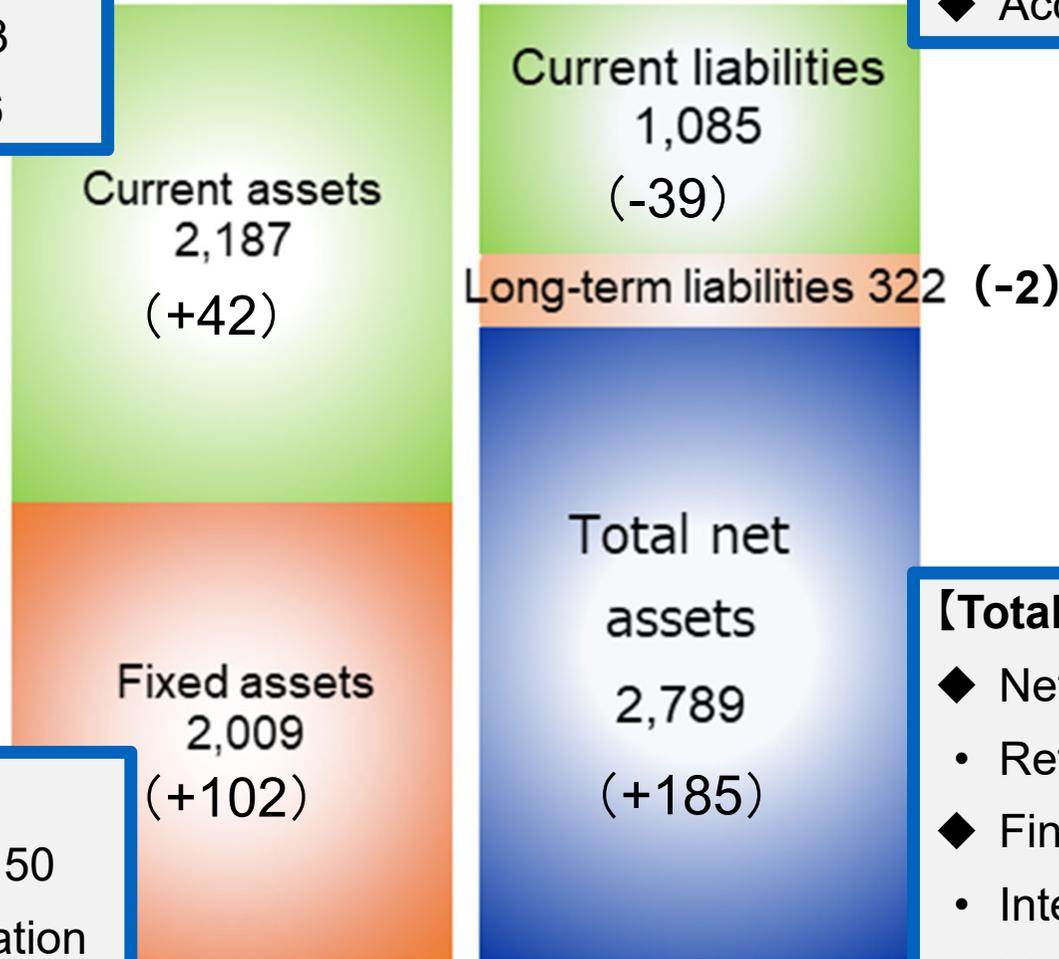
- ◆ Cash and deposits +101
- ◆ Account receivable +13
- ◆ Inventories -46

- Current ratio: 202%
- On-hand liquidity ratio: 1.8 month

## 【Fixed assets】 +102

- ◆ Capital expenditures +150
- ◆ Depreciation & Amortization -128
- ◆ Investment securities +92

## Total assets 4,195 (+144)



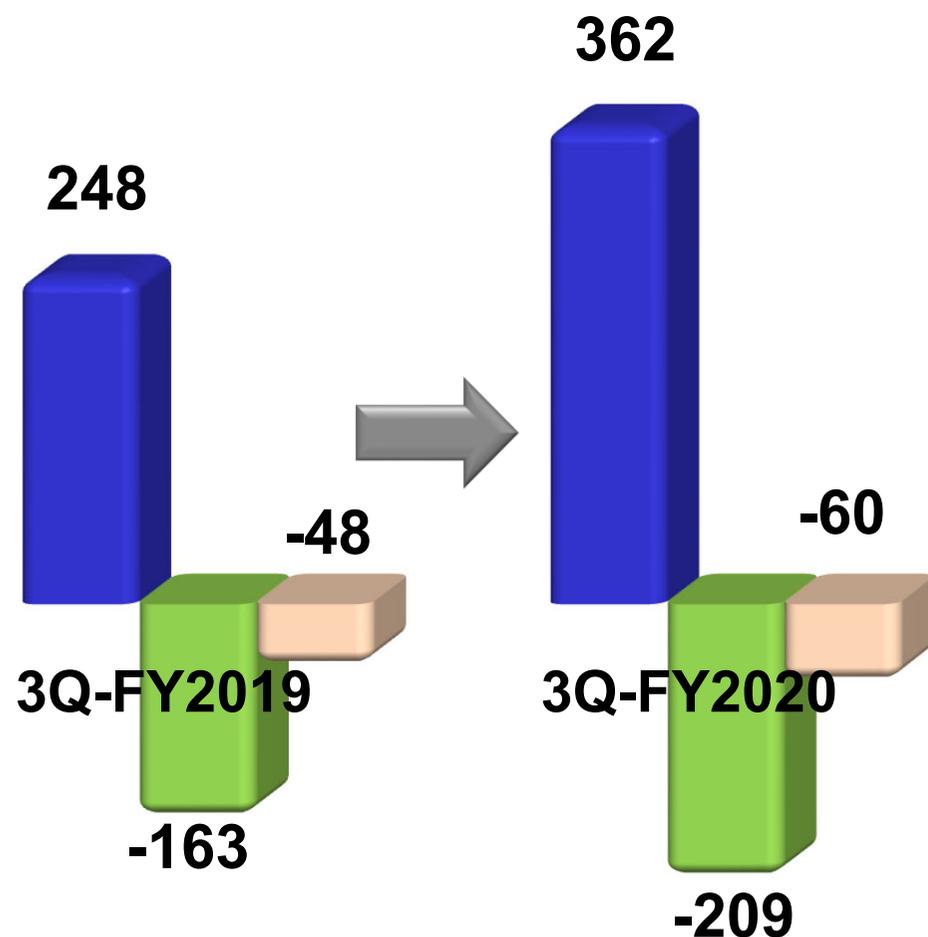
## 【Current liabilities】 -39

- ◆ Account payable -35

## 【Total net assets】 +185

- ◆ Net income +174
- Retained earnings +137
- ◆ Financial indicators
- Interest-bearing debt 210 (-)
- Equity ratio 65.8% (+2.3%)
- D/E ratio 0.08 (-)

# Summary of C/F



■ CF from Operating Act 
 ■ CF from Investing Act 
 ■ CF from Financial Act

	3Q-2019	3Q-2020
CF from Operating Act.	248	362
CF from Investing Act.	-163	-209
Free CF	85	152
CF from Financing Act.	-48	-60
CF	37	92

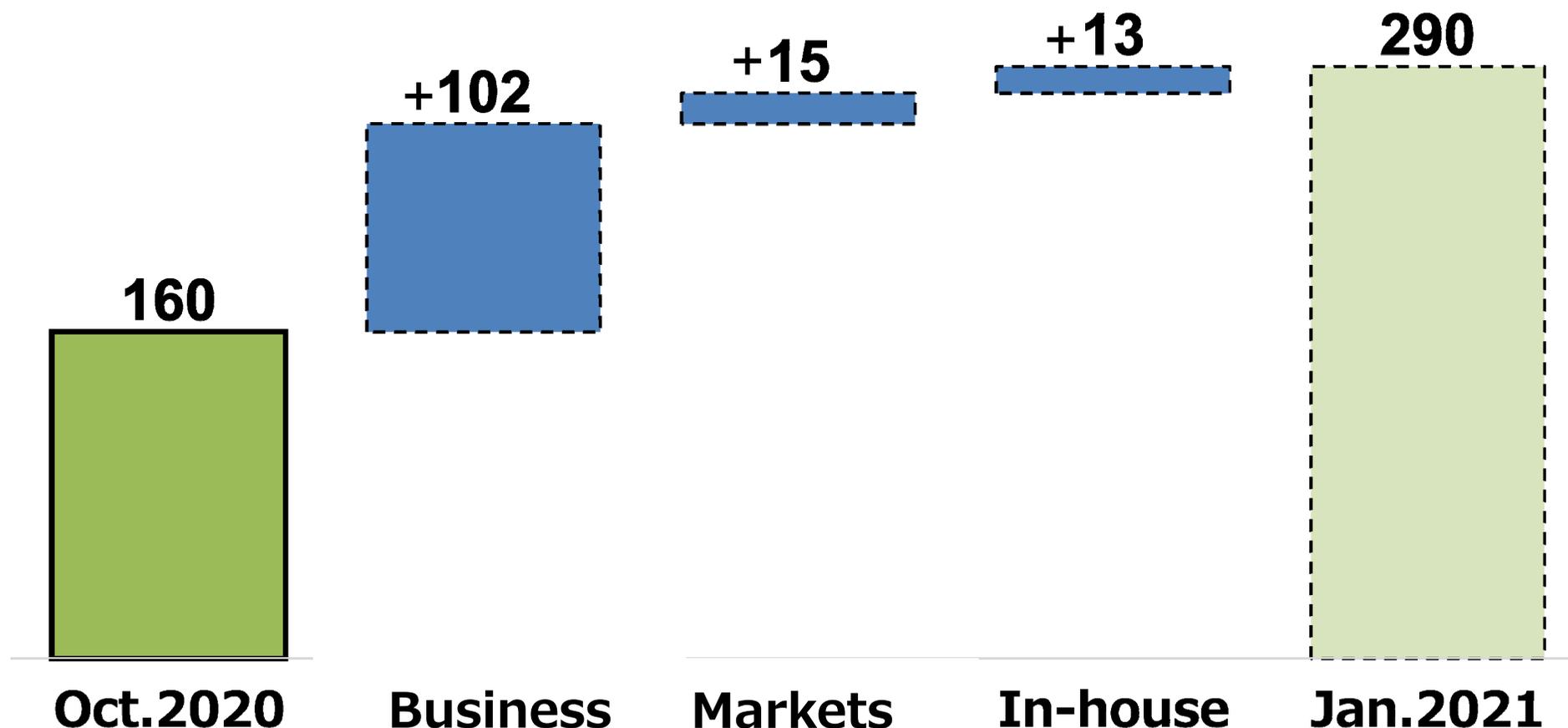
- ◆ CF from Operating act: +114
  - Working capital: +22
- ◆ CF from Investing act: -46
  - Increase of capital investment: -32  
(Optical film facility, etc.)
- ◆ CF from Financing act: -12

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Factors		Influence	Differences from Oct. 2020
Business	Rubbers		Sales prices rose accompanied with raw materials. Demand is in the recovery trend.
	Latexes		Demand for medical/sanitary gloves has increased. Sales prices rose by the supply/demand balance.
	Chemicals		Sales volume increased by the steady demand for petroleum resin.
	Toner		Demand increased for home printers by the outspread of Covid-19.
	Optical films		Large-sized: Increase in the Chinese market Small-to-medium size: Continued the steady demand
Markets	Exchange rate		Cheaper JPY against both USD/EUR than our budget
	Main raw materials		Higher prices than our budget
In-house	Cost reduction		<ul style="list-style-type: none"> <li>Reducing the non-essential payment (business trip, etc.)</li> <li>Self-help cost reduction activities</li> </ul>

Many factors are expected to work on the positive side and boost profit indicators

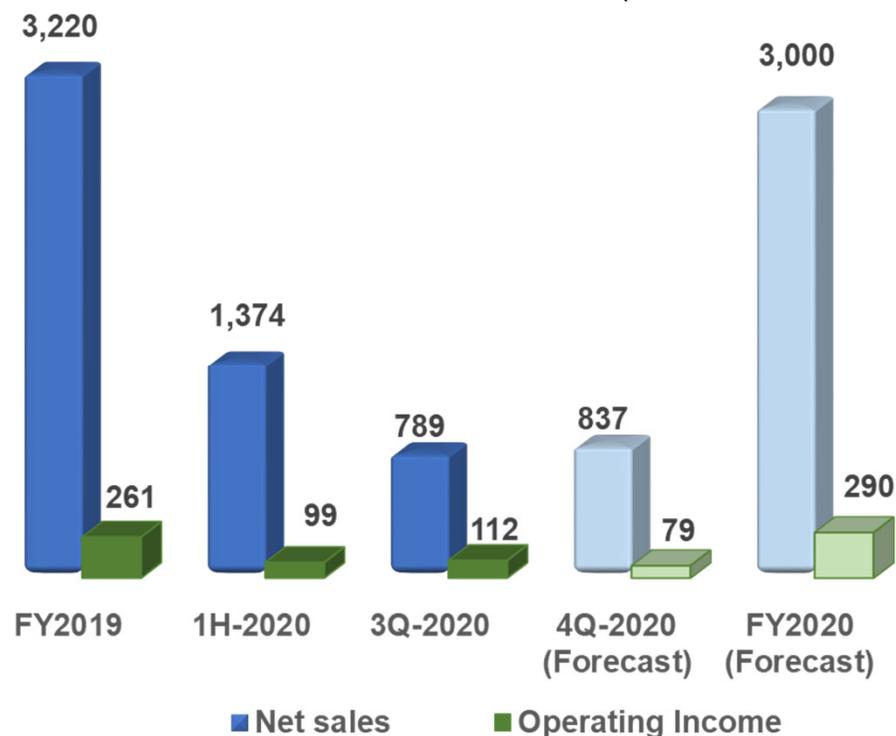
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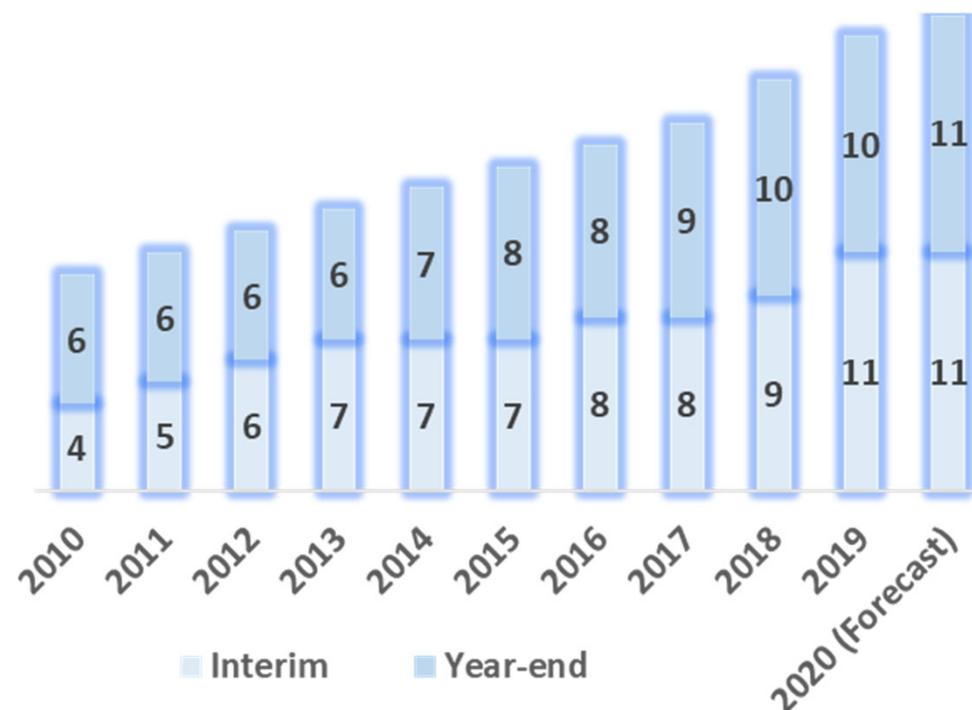
- Operating Income FY2020 will be 29 billion yen (from 16 billion yen)
- 60% of 10.2 billion yen of the Market factor is from the Elastomer business

## Net sales & operating income

(Unit : JPY100m)



## Dividend (Unit : JPY)



- Revised forecast of FY2020: Net sales 300 billion yen, Operating Income 29 billion yen
- Dividend forecast: revised to ¥11/share at the year-end (total ¥22/share/year, +¥1 from previous year's result)

We continue to implement infection prevention measures at all business sites globally and maintain the supply chain and ensure the health and safety of employees and their families.

### Next Announcement of Financial Statements

<b>FY2020</b>	<b>Apr. 28<sup>th</sup> , 2021</b>
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Subject to change without notice

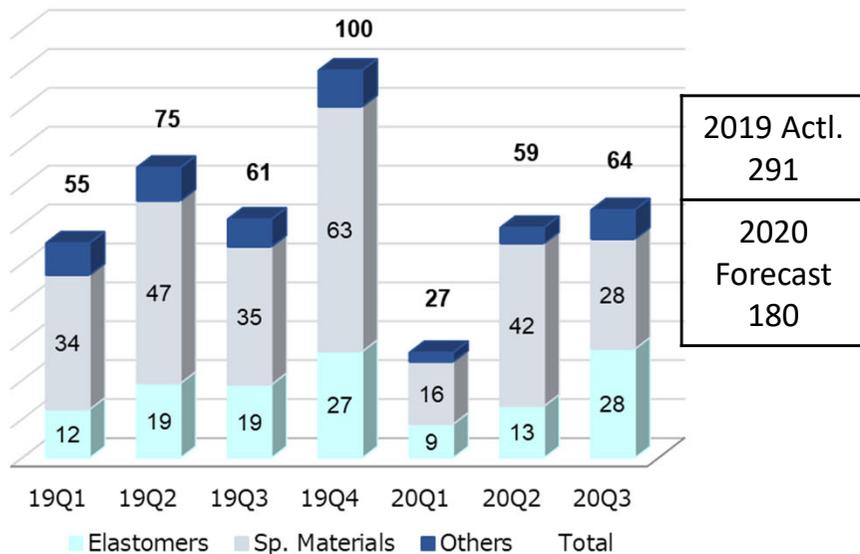
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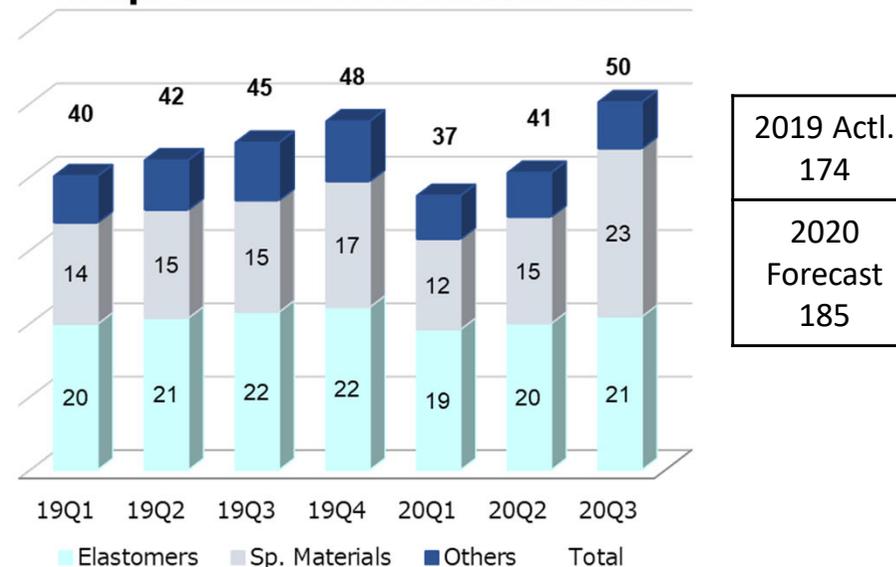
# Reference: Capital Expenditures, Depreciation & Amortization and R & D Expenses

(Unit : JPY100m)

## Capital Expenditures



## Depreciation & Amortization



## R & D Expenses

