

Mid-term Management Plan



Current Status



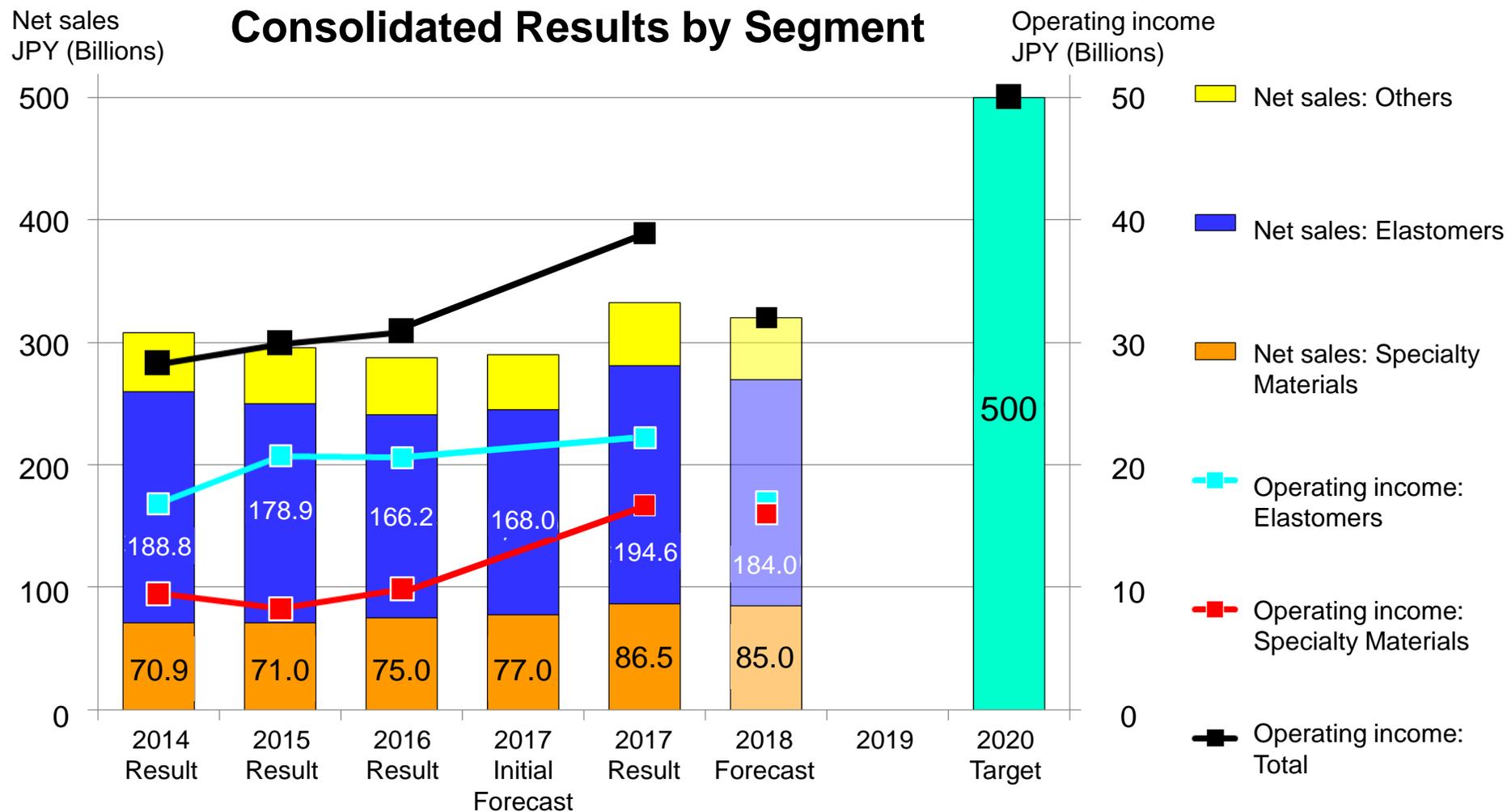
Kimiaki Tanaka
President

April 27, 2018

1. FY2017 Results and Business Environment

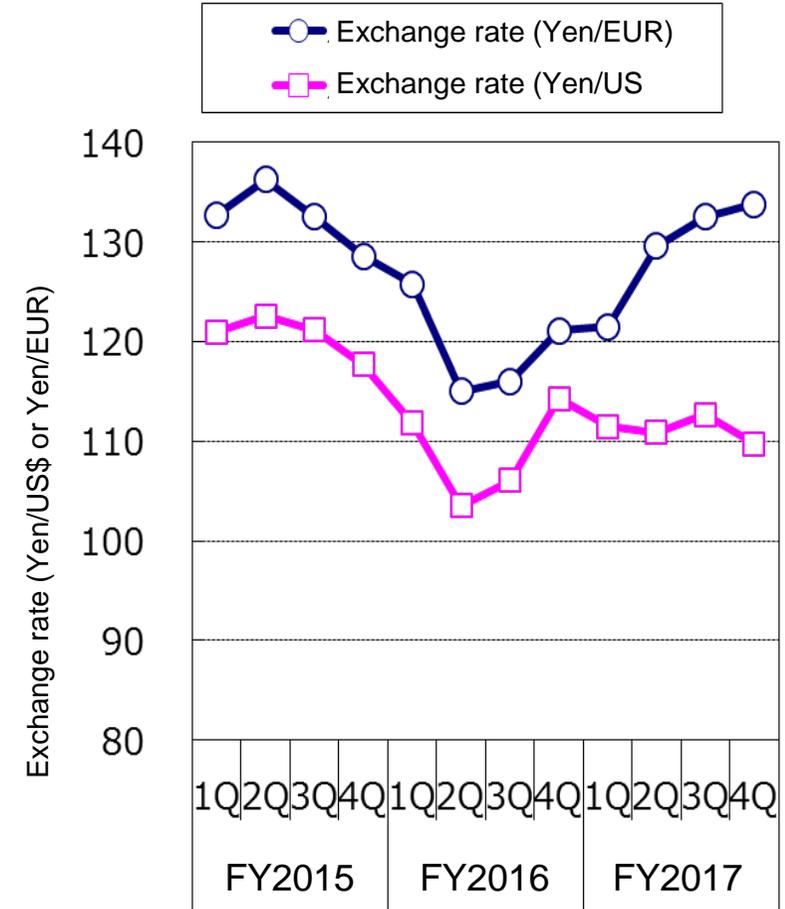
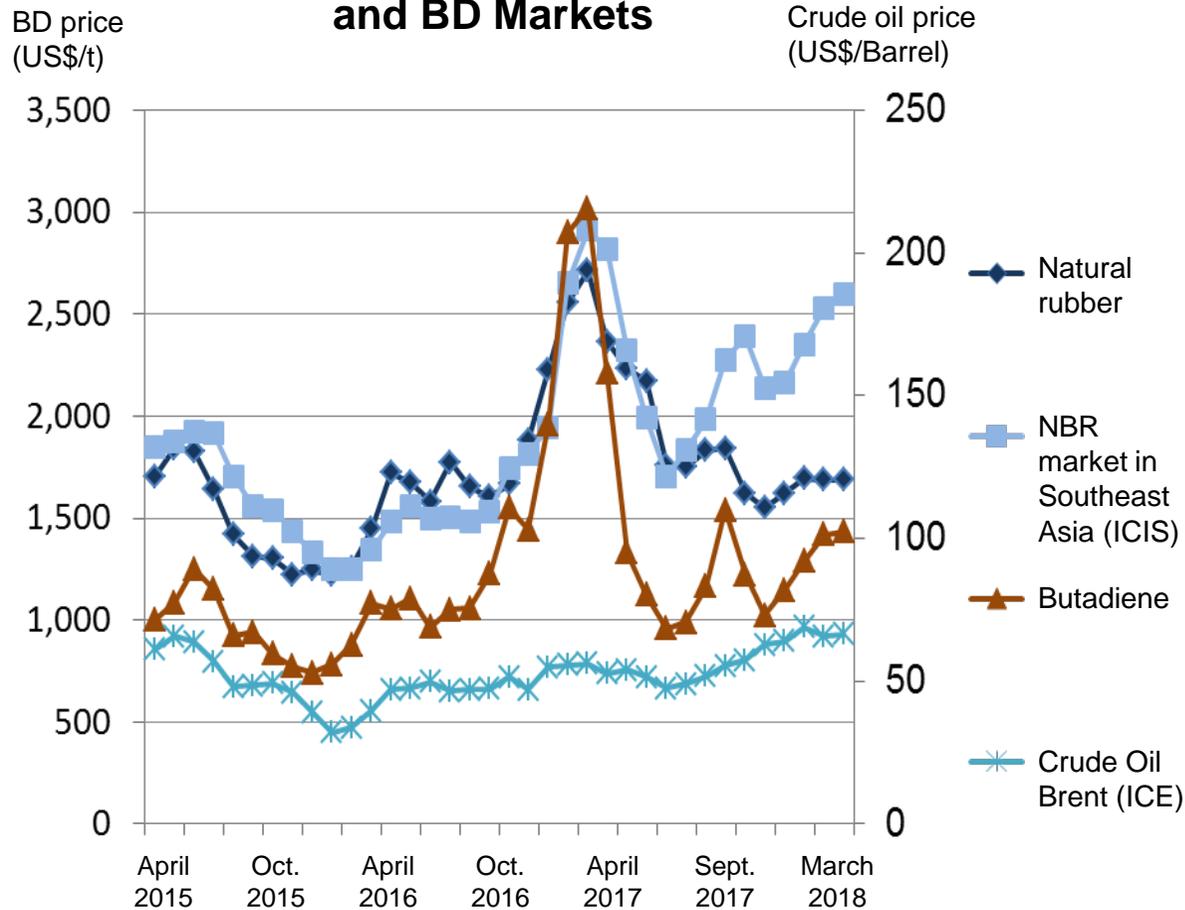
2. Business Topics

FY2018 Forecast: Elastomers: Raw materials market will settle down and prices will fall. Specialty Materials Business: Grows steadily.



Butadiene prices fell from a high in FY2016; NBR spread recovers in FY2017

Natural Rubber, Synthetic Rubber and BD Markets



Natural rubber market: Singapore Commodity Exchange contract price for RSS #3 grade rubber (source: Monthly Statistics Report for Synthetic Rubber)
 NBR market: CFR Southeast Asia (source: ICIS)
 Spot BD: CFR Southeast Asia (source: IHS)
 Crude oil (ICE Brent) (source: IHS)

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 Characteristics of Zeon

Mutual Trust and Confidence
among Zeon Members

**SZ-20
(2011–13)**

**Phase II
(2014–16)**

**Phase III
(2017–20)**

SZ-20 Phase III: Group-wide Strategy

Growth

1. **Reinforce** the combined strengths of the Zeon Group. **Explore** ways of going beyond boundaries by 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 implementing them.**

Strategy by Business Segment

Elastomer Business

- Reinforce competitive businesses by responding globally to growth markets and improving cost effectiveness.
- Explore new opportunities and achieve growth based on 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.

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Leveraging synergistic effects in technology and production deriving from Sumitomo Chemical and Zeon for creating value;

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)

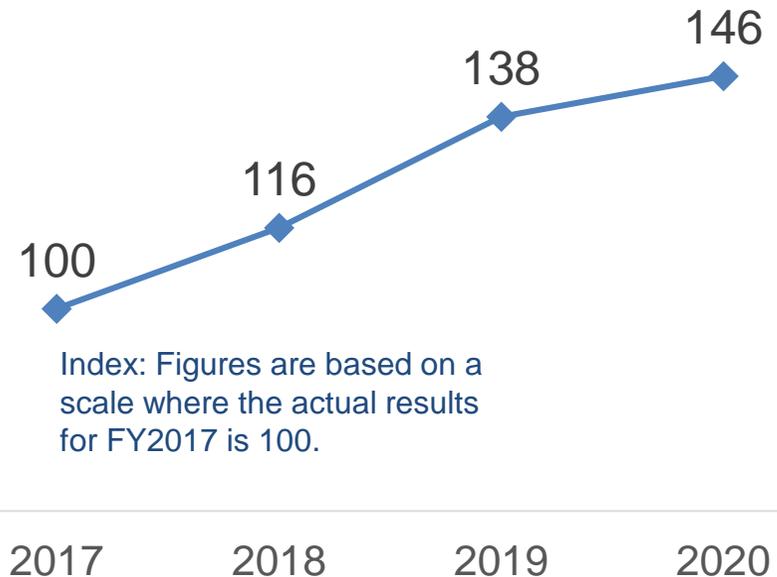


iceGUARD 6
YOKOHAMA RUBBER



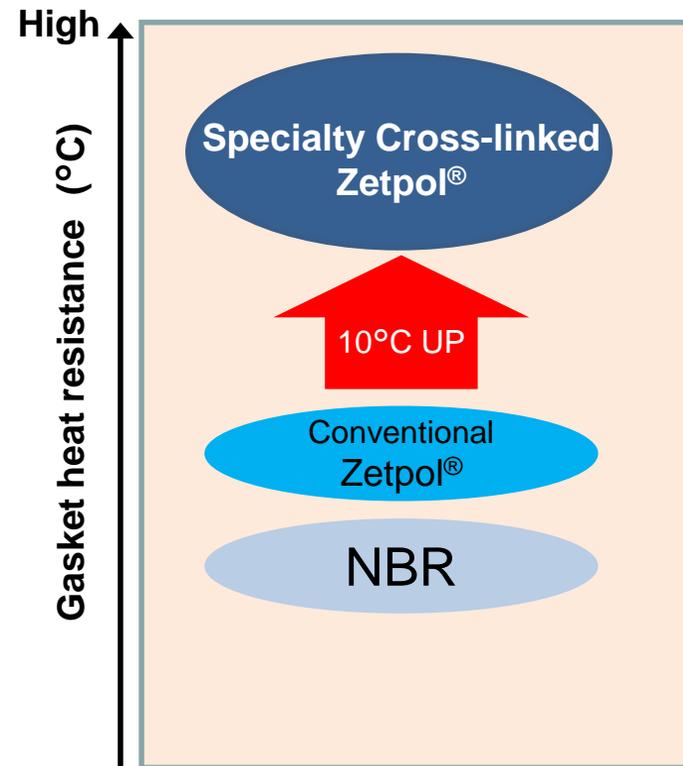
ZS Elastomers' Solution SBR is used by Yokohama Rubber in their latest studless snow tire.

S-SBR Sales Forecast



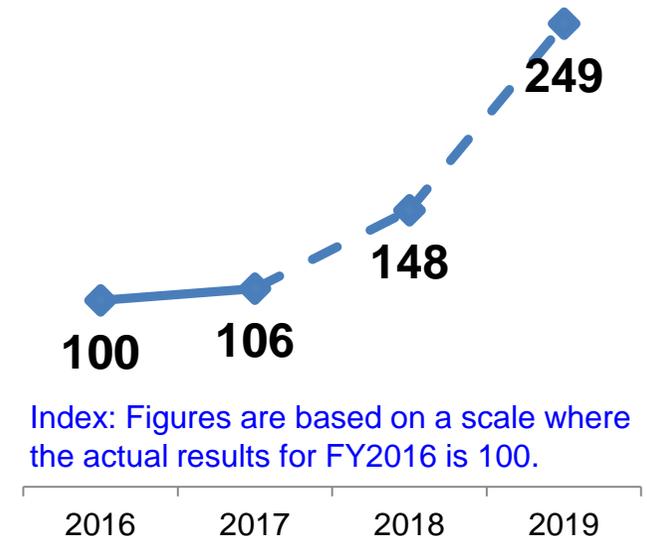
Determined to make an investment for new drying facility at Kawasaki Plant

- Excellent heat resistance promotes Specialty Cross-linked Zetpol[®] to oil seals.
- Newly adopted as the material for an automotive blow-by hose.



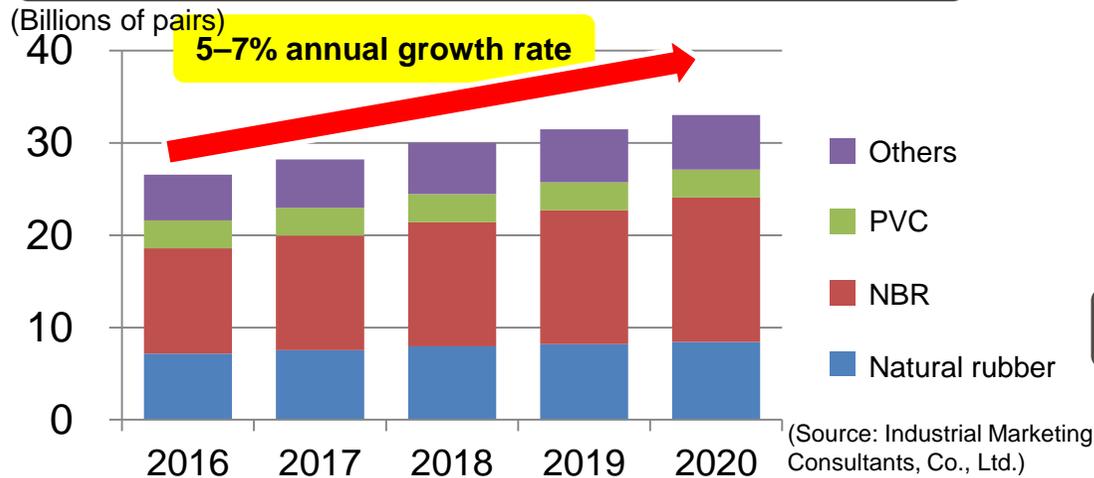
Specialty Cross-linked Zetpol[®]
Production Facility
(Kawasaki Plant)

Specialty Cross-linked Zetpol[®] Sales Forecast

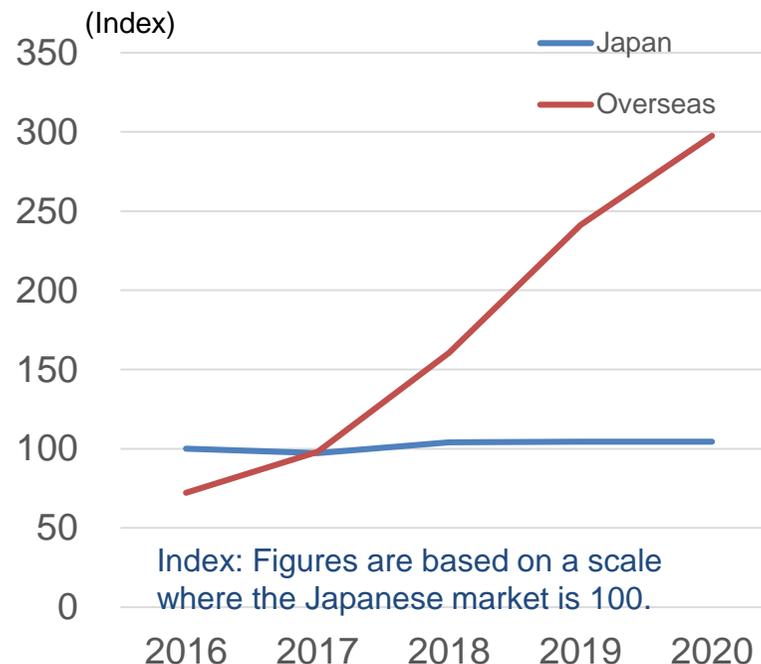


New products for growing “supported glove” market

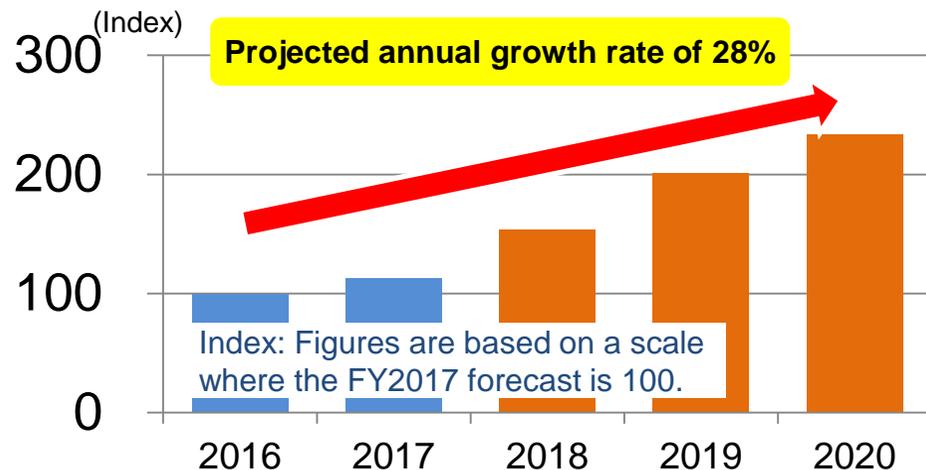
Global Market for Supported Gloves



Growth of Overseas Sales



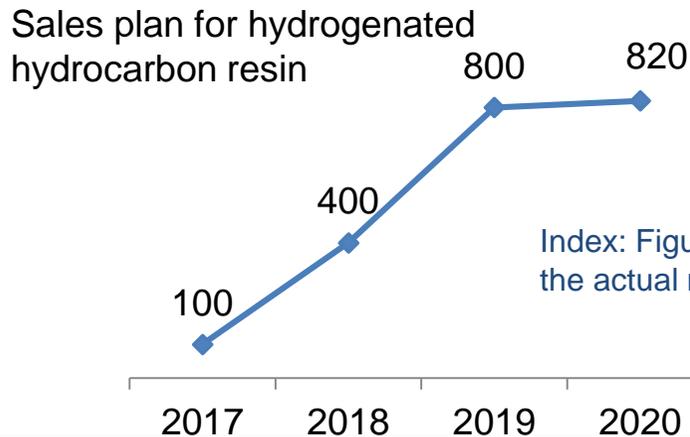
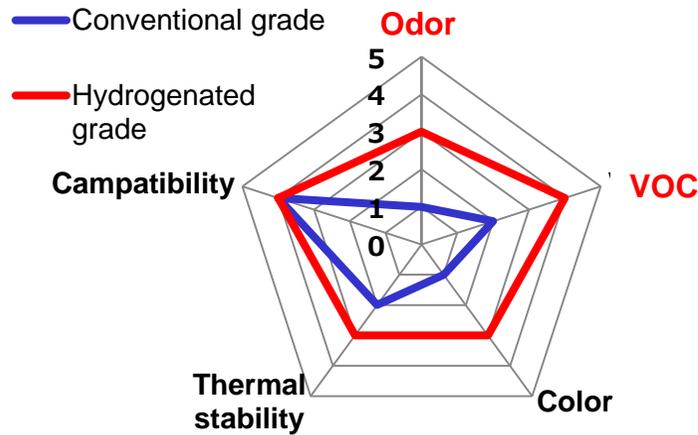
Zeon Product Sales Plan for Supported Gloves



Further growth on Hydrocarbon Resin and SIS business units with product differentiation

Hydrocarbon Resin

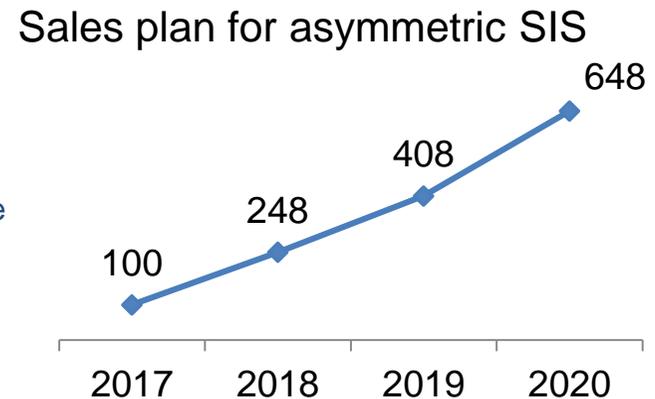
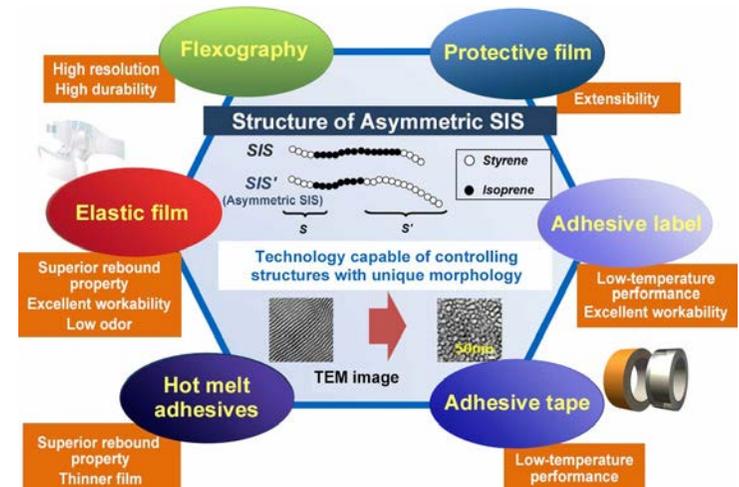
Hydrogenation system process newly installed at Mizushima Plant



Index: Figures are based on a scale where the actual results for FY2017 is 100.

SIS

Steady growth on SIS business with Market/Application expansion on asymmetric SIS



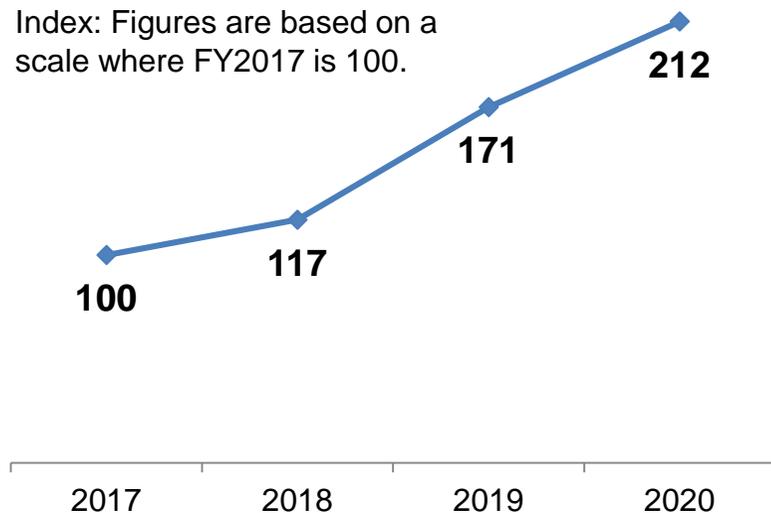
Meeting the needs of the expanding market from Japan, China, and Mexico

PSC Production Capacity

- ◆ Japan 2,000 t
- ◆ China 2,400 t
- ◆ Mexico Phase 1: 1,200 t (full-scale production began in January 2018)
Phase 2: 2nd line - 1,200 t (production to begin in 2020)

PSC Sales Plan (Global)

Index: Figures are based on a scale where FY2017 is 100.



Powder Slush Compounds (PSC)

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

PSC application: Automotive interior skins



PSC plant in Mexico

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Semiconductor Investment Trends in China



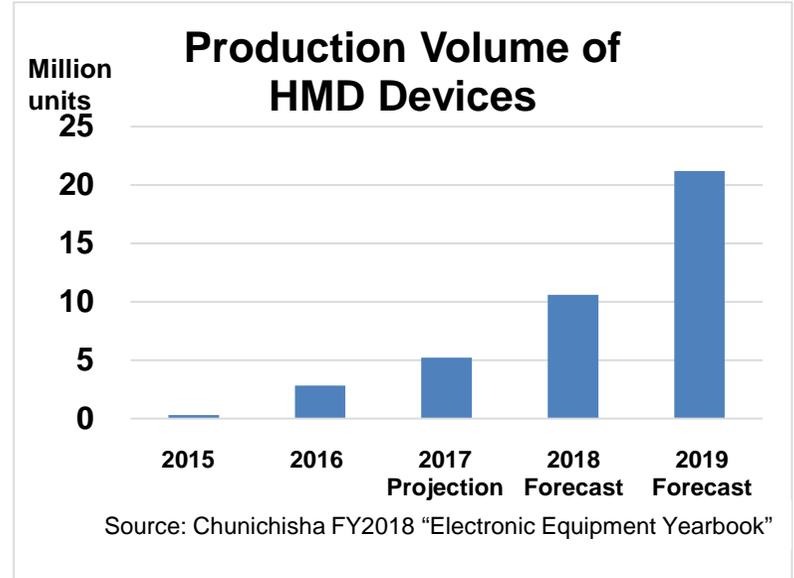
Source: World Fab Forecast report (December 4, 2017), SEMI

Increasing the need for miniaturization and 3D packaging in device processes.

Characteristics of ZEONEX[®] and ZEONOR[®] for Wafer-Handling Containers (FOUP)

- Ultra-low amount of out-gassing
- Low water vapor transmission



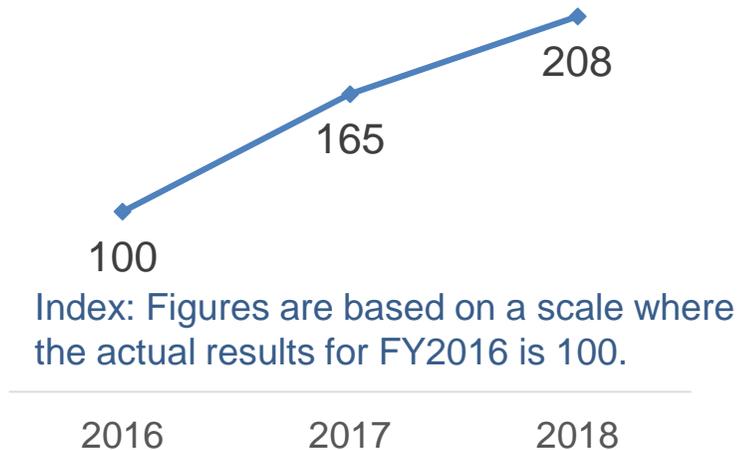


Properties of ZEONEX®

- Low water absorption
- High transparency
- Superior optical properties
- Precision molding

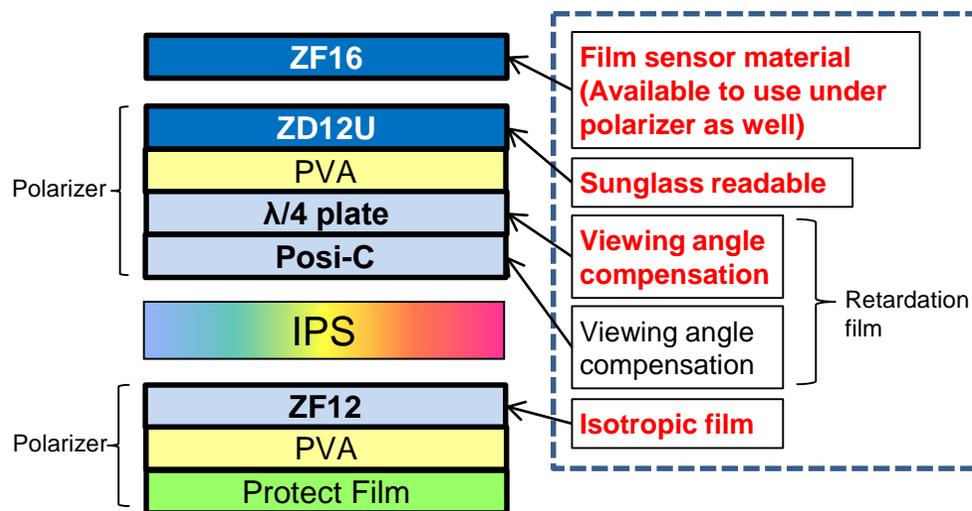
Ideal as the lens material for Head Mounted Display (HMD) VR/AR devices.

Projected Sales for HMD Lens

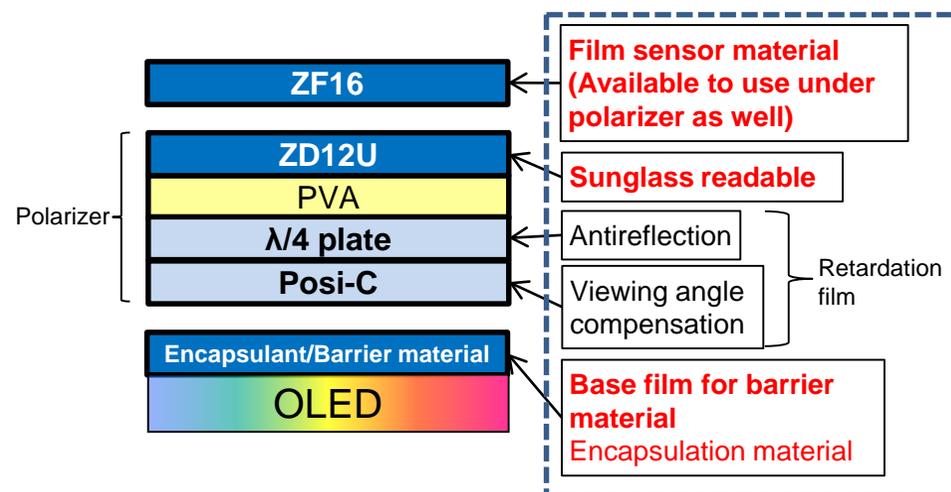


ZeonorFilm[®] series for LCD and OLED display

Stack up for IPS-mode LCD
(application example of ZeonorFilm[®])



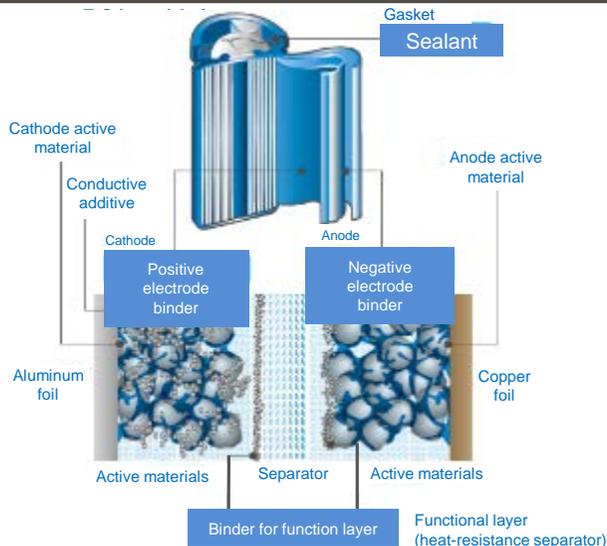
Stack up for OLED
(application example of ZeonorFilm[®])



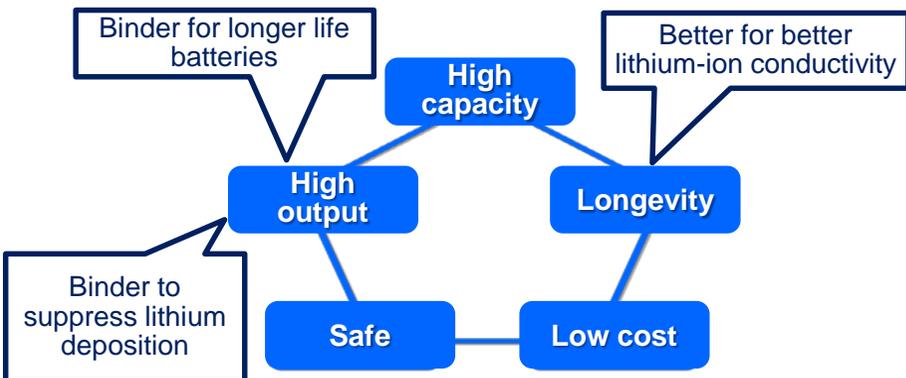
- ZeonorFilm[®] is being used for both LCD and OLED for display of mobile and tablet.
- We will expand our conventional material, and also accelerate developing new material for OLED.
- Developing new flexible films for foldable applications.

Expanding business with a wide product lineup

Zeon Products for Lithium-ion Batteries

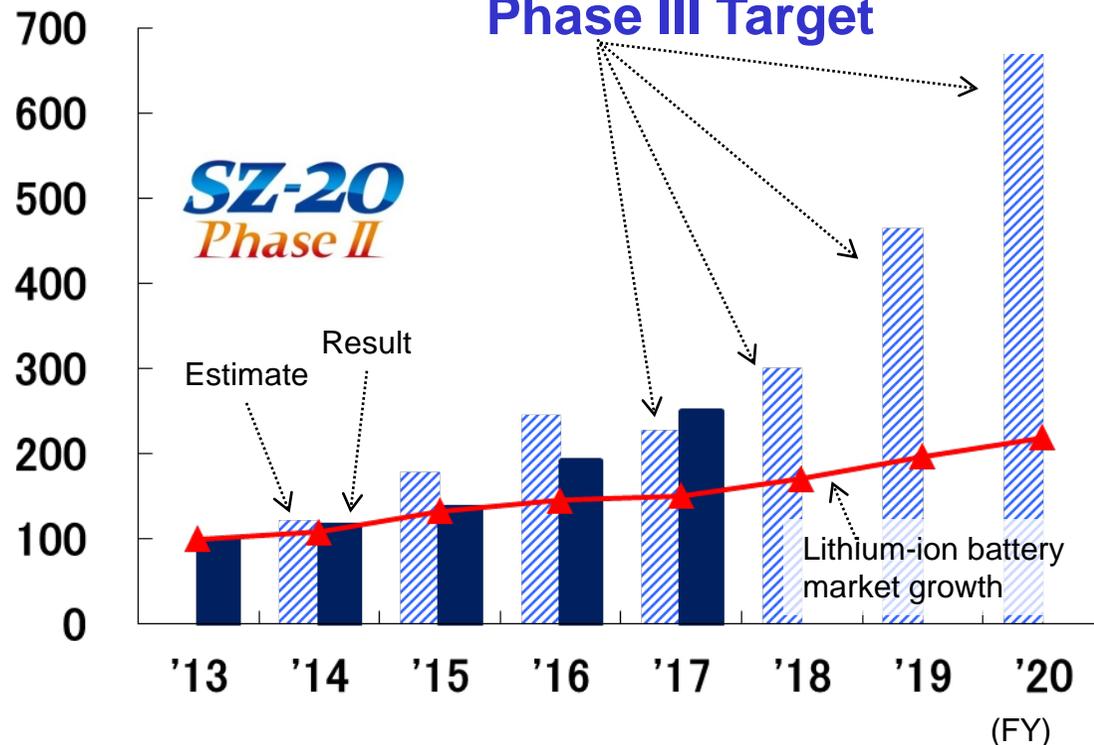


Key Benefits of Zeon Products



Sales of Zeon Battery Materials

Net sales (index)

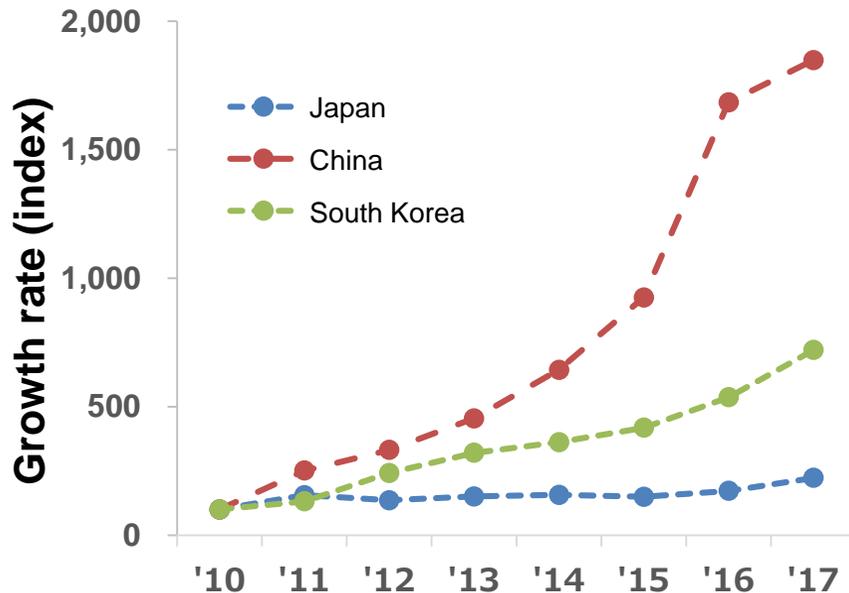


Index: Figures are based on a scale where FY2013 is 100.
Source for market data: Report by B3, Inc., December 2016

Expansion of LiB Binder Sales in South Korea and China

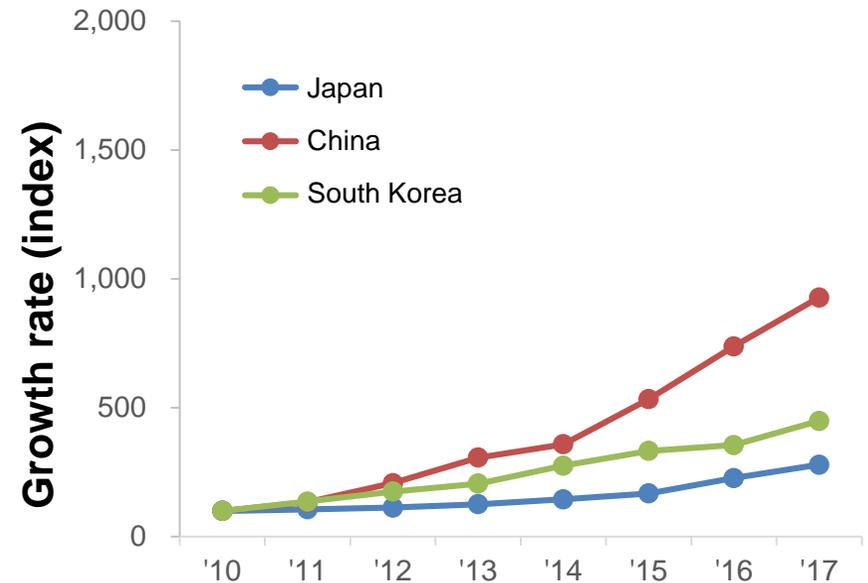
- Expanded business by developing Binders and expanding sales network for the electrified vehicle market
 - Compared to 2010, sales growth in 2017 significantly exceeded market growth
(Zeon sales quadrupled in automotive LiB market)
- Increased sales in high-growth consumer electronic markets in China and South Korea
 - Compared to 2010, Zeon sales in China rose by 18.5x (market growth: 9x),
sales in South Korea rose by 7x (market growth: 4.5x)

Sales of Zeon LiB Materials by Region



Index: Figures are based on a scale where FY2010 is 100.

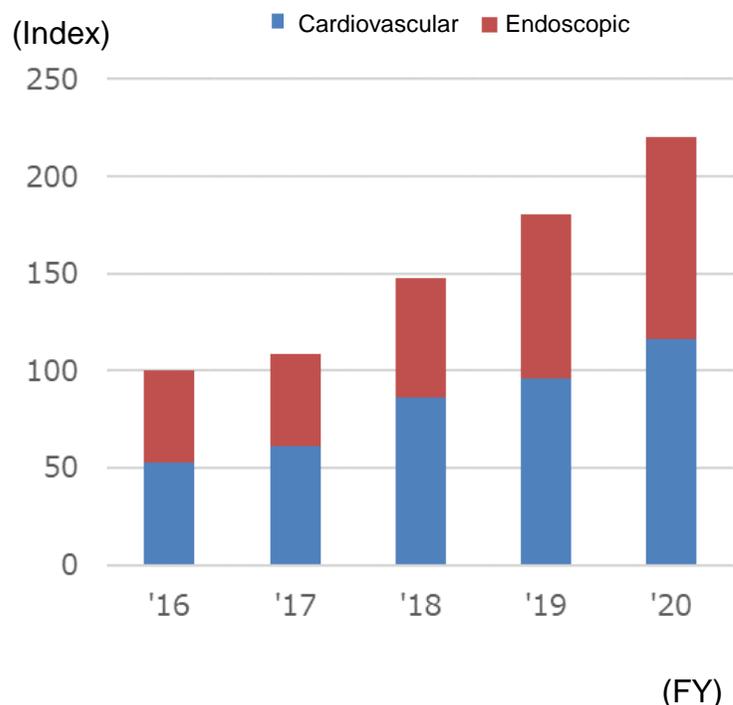
Production of LiB Materials by Region



Index: Figures are based on a scale where FY2010 is 100.
Source for market data: Report by B3, Inc., January 2016.

Expand businesses with FFR* devices, gallstone extraction and gastrointestinal stents

Zeon Medical Sales Trend



Index: Figures are based on a scale where sales for FY2016 is 100.

*FFR=Fractional Flow Reserve

Cardiovascular Business:

Advanced accuracy and reliability of pressure measurement resulting in increased market share

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



Endoscopic Business:

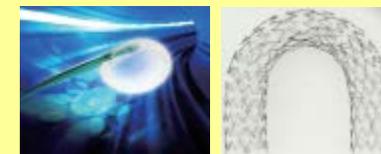
Focus on minimally invasive devices

Product launched in FY2017:

- Large-diameter balloon catheter

Products to be launched in FY2018:

- Next generation balloon catheter for extracting biliary calculus
- New type of biliary stents

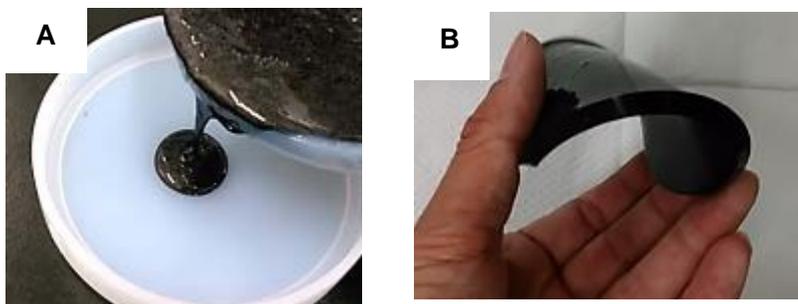


New Application of ZEONANO[®] SG101

Developed caulking material with EMI shielding property based on carbon nanotubes

*EMI = Electromagnetic interference

Results of R&D at the Zeon Sunarrow AIST* CNT Composite Material Research Center
(Press release issued by AIST in February 2018)

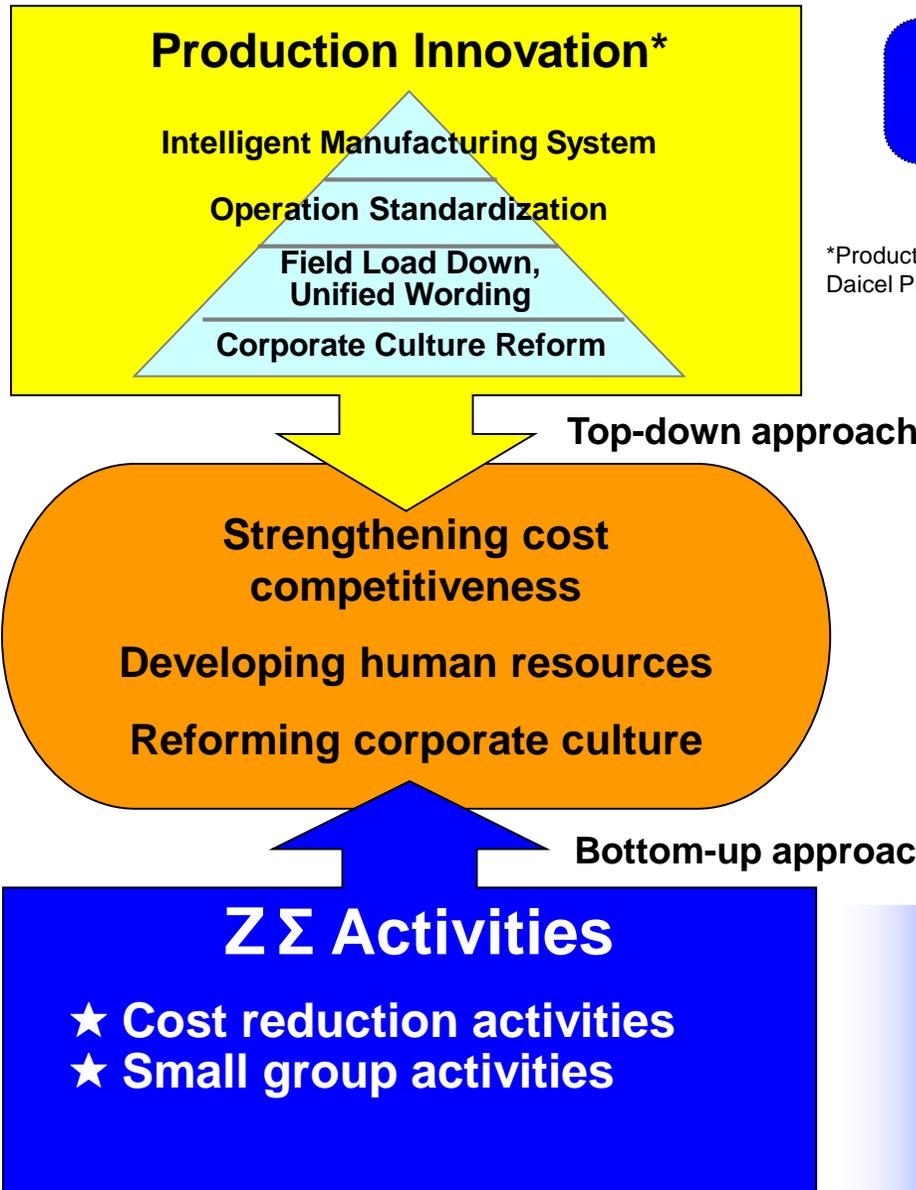


Newly developed EMI shielding caulking material
A: Before curing B: After curing

ZEONANO[®] SG101 provides EMI isolation and shielding needs for electronic equipment installations.

- **Combined ZEONANO[®] SG101 with curable liquid rubber**
- **The caulking material excels in coating and filling gaps and can be bonded with metals**
- **Prevents electromagnetic interference through gaps in shielding material. The caulking material absorbs vibration and strain without cracking**

*AIST=AIST ; National institute of Advanced Industrial Science and Technology

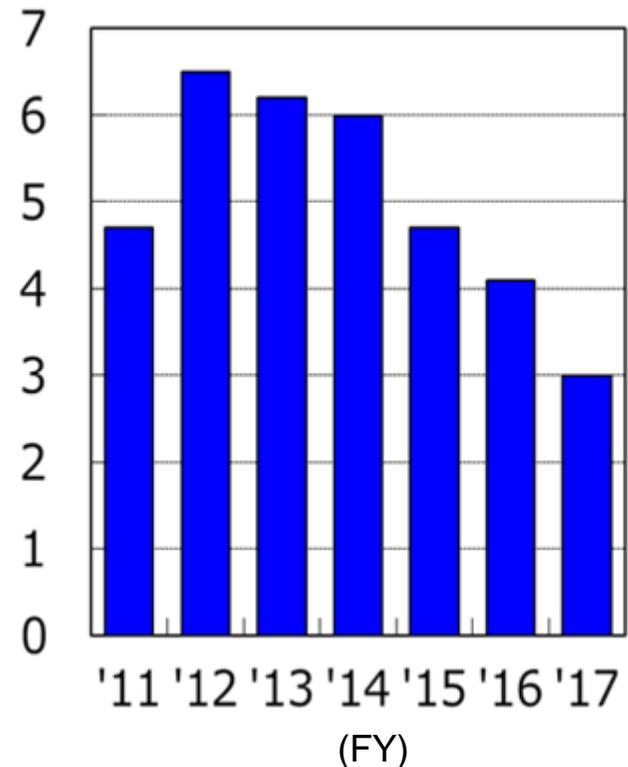


Continuing efforts for Innovation and Improvement

*Production Innovation:
Daicel Production Innovation

ZΣ Activities - Monetary Effect

JPY (Billions)



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**

Speed

Dialogue

**Social
Contribution**

Mutual trust and confidence among Zeon members



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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