

Financial Report

For the year ended March 31, 2015

(April 1, 2014 to March 31, 2015)



May 8, 2015

Statement of Income (Consolidated) for 12 Months ended Mar 31, 2015

	2014	2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net sales	3,075	2,964	111	4 %	Comparative Analysis of Net sales
Elastomer Business	1,888	1,844	45	2 %	Quantity variance +156
Specialty Materials Business	709	642	67	10 %	Price variance -110
Others	500	508	-7	-1 %	Exchange rate variance +65
Eliminations	-22	-29	6		
Operating income	282	299	-17	-6 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	9.2%	10.1%	-0.9 pt		Quantity variance +7 Raw materials price variance +31
Elastomer Business	168	193	-25	-13 %	Price variance -110 SG & A etc. -10
Specialty Materials Business	94	91	3	4 %	Exchange rate variance +65
Others	20	15	5	36 %	
Non-operating income & expenses	29	27	2	7 %	
Ordinary income	311	326	-15	-4 %	
Income before income taxes	298	325	-27	-8 %	
Net income	191	196	-6	-3 %	
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Exchange rate (JPY/\$)	109.2	99.8	9.4	9 %	
Exchange rate (JPY/€)	139.4	133.4	6.0	4 %	
Naphtha price (JPY/kl)	63,700	67,200	-3,500	-5 %	
Asian Butadiene price (USD/t)	1,155	1,382	-227	-16 %	

Segment Information (Consolidated) for 12 Months ended Mar 31, 2015

Elastomer Business

	2014	2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Sales volume (thousand ton)	546	529	17	3 %	
Rubbers	314	312	2	1 %	
Latices	112	114	-2	-2 %	
Chemicals	120	103	17	16 %	
Net Sales	1,888	1,844	45	2 %	
Rubbers	1,283	1,257	26	2 %	
Latices	171	182	-11	-6 %	
Chemicals	408	384	25	6 %	
Eliminations	26	21	6	29 %	
Operating income	168	193	-25	-13 %	
(Operating income ratio) (%)	8.9%	10.5%	-1.6 pt		

◆ Breakdown of year on year increase of 1% for rubbers sales volume

General-purpose rubbers	0%	Domestic sales +1%, Export sales -2%
Specialty rubbers	3%	Domestic sales +1%, Export sales +8%, Overseas subsidiaries +0%

◆ Specialty rubbers component ratio

Sales volume	33%	(2013: 33%)
Sales amount	57%	(2013: 54%)

Segment Information (Consolidated) for 12 Months ended Mar 31, 2015

Specialty Materials Business

	2014	2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	709	642	67	10 %	
Specialty chemicals	194	189	4	2 %	
Specialty plastics	470	408	62	15 %	
Medical devices etc.	45	44	1	3 %	
Operating Income	94	91	3	4 %	
(Operating income ratio) (%)	13.3%	14.2%	-0.9 pt		

◆ Breakdown of year on year increase of 2% for specialty chemicals sales amount

Specialty Chemicals +13%, Electronic materials -13%, Battery materials +16%,

Toner -11%, Withdrawal from the magnetic tape materials business

◆ Breakdown of year on year increase of 15% for specialty plastics sales amount

Cyclo-Olefin Polymer resins +13%, Optical films +16%

◆ Sales volume growth rate for optical films +19%

◆ Proportion of the diagonally stretched optical film sales to total optical film sales

<2013>29% → <2014>34%

Segment Information (Consolidated) for 12 Months ended Mar 31, 2015

Others

	2014	2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	500	508	-7	-1 %	
Operating Income	20	15	5	36 %	
(Operating income ratio) (%)	4.0%	2.9%	1.1	<i>pt</i>	

Consolidated Statement of Income (Quarterly trends)

	2013				2014				Increase (Decrease) Q3 2014 vs. Q4 2014		Remarks (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	Percentage	
	Sales Volume (thousand ton)	132	130	136	130	131	140	127	148	21	
Rubbers	79	78	79	76	75	80	72	88	16	22 %	
Latices	30	28	30	26	27	31	26	29	3	13 %	
Chemicals	24	24	27	28	29	30	29	31	2	7 %	
Net Sales	724	759	751	729	748	785	792	750	-42	-5 %	Comparative Analysis of Operating income
Elastomer business	455	466	464	458	462	477	482	468	-14	-3 %	Quantity variance +0
Rubbers	311	317	320	309	321	321	330	310	-21	-6 %	Price variance -51
Latices	51	43	45	43	42	43	45	41	-3	-7 %	Exchange rate variance +9
Chemicals	88	101	94	100	93	108	99	109	9	9 %	
Others and Eliminations	5	4	5	6	6	5	8	8	0	6 %	
Specialty materials business	155	175	164	148	167	190	184	168	-16	-9 %	
Specialty chemicals	49	48	47	46	49	46	49	49	-0	-1 %	
Specialty plastics	96	116	105	91	108	133	123	106	-17	-14 %	
Medical devices etc.	10	11	12	11	10	11	11	13	1	10 %	
Others and Eliminations	114	118	123	124	120	118	126	114	-12	-9 %	
Operating income	87	81	77	54	62	83	87	50	-37	-43 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	12%	11%	10%	7%	8%	11%	11%	7%	-4 pt		Quantity variance -7 Raw materials price variance +32
Elastomer business	59	48	45	41	42	47	47	32	-14	-30 %	Price variance -51 SG & A etc. -20
Specialty materials business	25	29	27	10	16	29	36	13	-24	-65 %	Exchange rate variance +9
Others and Eliminations	3	4	5	3	4	6	4	5	1	12 %	
Ordinary income	100	82	91	53	61	95	97	59	-38	-39 %	
Net income	62	46	63	25	39	51	60	41	-20	-33 %	
Exchange rate (JPY/\$)	97.7	98.4	99.6	103.4	102.4	102.6	112.3	119.4	7.1	6 %	
Exchange rate (JPY/€)	126.9	129.6	135.5	141.4	140.5	137.6	141.3	138.0	-3.3	-2 %	
Naphtha price (JPY/kl)	65,500	63,900	67,800	72,000	69,900	70,900	66,000	48,100	-17,900	-27 %	
Asian Butadiene price (USD/t)	1,405	1,144	1,570	1,409	1,295	1,502	1,067	754	-313	-29 %	

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

ZEON

(Unit : Millions of JPY)

	2013				2014				Increase (Decrease) 2013 vs. 2014		2015 forecast	Increase (Decrease) 2014 vs. 2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	percentage		Amount	percentage
	Capital Expenditures	37	70	91	72	39	77	91	78				
Elastomer business	26	30	50	21	21	32	51	36					
Specialty materials business	8	35	35	43	14	30	27	25					
Others and Eliminations	3	5	6	8	4	15	14	17					
Cumulative Capital Expenditures	37	108	199	271	39	116	207	285	14	5 %	503	218	76%
Elastomer business	26	57	107	128	21	52	103	139	11	9 %			
Specialty materials business	8	43	78	121	14	44	71	96	-24	-20 %			
Others and Eliminations	3	8	15	23	4	19	33	50	27	119 %			
Depreciation & Amortization	39	40	44	48	42	46	51	55					
Elastomer business	16	17	19	22	20	20	24	26					
Specialty materials business	18	18	20	18	17	21	21	22					
Others and Eliminations	5	5	5	8	5	6	6	7					
Cumulative Depreciation & Amortization	39	78	122	171	42	89	139	194	24	14 %	226	32	16%
Elastomer business	16	33	52	74	20	40	63	89	15	21 %			
Specialty materials business	18	36	56	74	17	38	59	81	8	10 %			
Others and Eliminations	5	10	15	23	5	11	17	24	1	4 %			
R & D Expenses	27	31	32	37	33	33	35	35					
Cumulative R & D Expenses	27	58	90	127	33	66	101	136	10	8 %	138	2	1%

Comparative Balance Sheets (Consolidated)

(Unit : Millions of JPY)

Assets			
	As of Mar 31, 2015	As of Mar. 31, 2014	Increase (Decrease)
Current assets	1,766	1,784	-18
Cash and bank deposits	42	91	-50
Notes and accounts receivable-trade	717	711	6
Accounts receivable-other	323	303	20
Inventories	612	610	3
Other current assets	73	70	3
Fixed assets	2,229	1,925	304
Property, Plant and Equipment	1,342	1,227	115
Intangible assets	53	59	-7
Investment securities	760	560	199
Other fixed assets	74	78	-3
Total Assets	3,995	3,709	286

Liabilities and Net assets			
	As of Mar 31, 2015	As of Mar. 31, 2014	Increase (Decrease)
Current liabilities	1,192	1,337	-145
Notes and accounts payable-trade	613	648	-35
Short-term interest-bearing debt	282	353	-71
Other current liabilities	297	336	-39
Long-term liabilities	647	558	89
Long-term interest-bearing debt	307	303	4
Other long-term liabilities	340	255	85
Total Net assets	2,156	1,814	342
Equity capital	2,112	1,776	336
Other net assets	44	38	6
Total Liabilities and Net assets	3,995	3,709	286

Capital Expenditures	285
Depreciation & Amortization	-194
Other factors	17
Fixed assets	108

Total interest-bearing debt	589	656	-67
Equity ratio	52.9	47.9	5.0
D/E Ratio	0.28	0.37	-0.09

◆ Cash Flows

	2014	2013
Cash Flows from operating activities	340	364
Cash Flows from investing activities	-268	-315
Free cash Flows	72	49
Cash Flows from financing activities	-120	-101
Net increase(decrease) in cash and cash equivalents	-48	-52

Forecast of Operating Performance FY2015

ZEON

(Unit : Millions of JPY)

	2015	2014	Increase (Decrease)	
			Amount	Percentage
Net sales	3,200	3,075	125	4 %
Elastomer Business	1,955	1,888	67	4 %
Specialty Materials Business	763	709	54	8 %
Others	504	500	4	1 %
Eliminations	-22	-22	0	
Operating income	320	282	38	13 %
(Operating income ratio) (%)	10.0%	9.2%	0.8 pt	
Elastomer Business	207	168	39	23 %
Specialty Materials Business	97	94	3	3 %
Others	16	20	-4	-21 %
Non-operating income & expenses	-	29	-29	
Ordinary income	320	311	9	3 %
Net income	230	191	39	21 %

Exchange rate (JPY/\$)	120.0	109.2	10.8	10 %
Exchange rate (JPY/€)	130.0	139.4	-9.4	-7 %
Naphtha price (JPY/kl)	54,000	63,700	-9,700	-15 %
Asian Butadiene price (USD/t)	1,100	1,155	-55	-5 %

Q4 2014

119.4
138.0
48,100 (JPY/kl)
754 (USD/t)

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.