



Petrochemical Products Business



Elastomers

Performance Overview

-9.9%

¥179.3 billion

Net Sales

-30.2%

¥7.5 billion

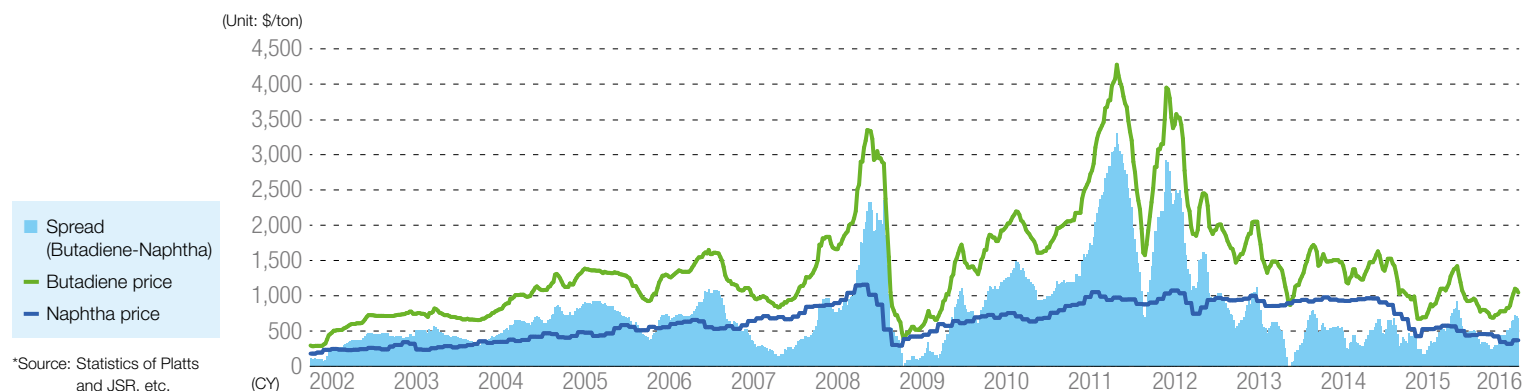
Operating Income

The SSBR Business Strategy

In the Petrochemical Products Business, the butadiene-naphtha spread and the Company's business income are linked. The key factor that put downward pressure on the Group's overall income in FY ended March 2016 was first quarter and fourth quarter income in the Petrochemical Products Business. At this time, we forecast continuing market price stagnation in FY ending March 2017 and beyond.

- Year-on-year increase in automobile tire production in North America, China, and Europe; year-on-year decrease in Japan
- Year-on-year decrease in total elastomer sales volumes
- Significant increase in SSBR sales volumes thanks to the contribution from full-scale operation at JSR BST Elastomer Co., Ltd. (JBE), the joint venture in Thailand
- Year-on-year decrease in net sales on a decline in product prices accompanying falling raw materials prices and lower sales volumes

Change in butadiene and naphtha prices

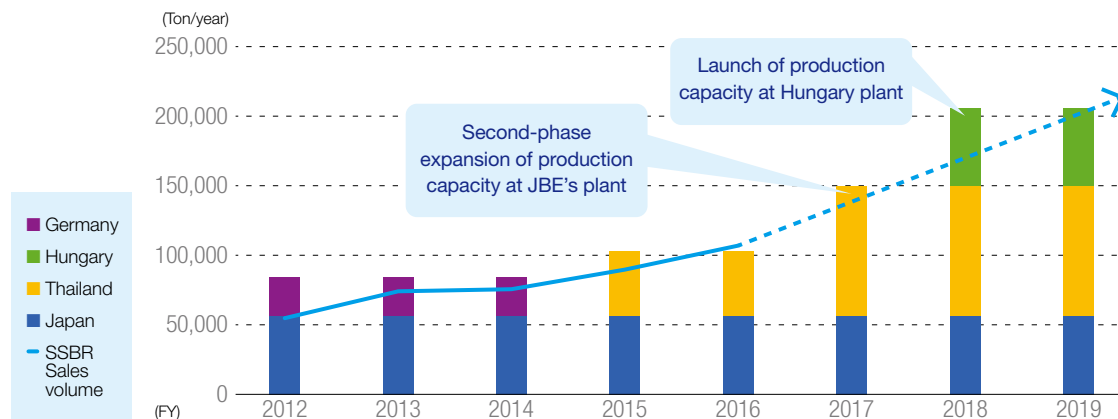


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We also plan to increase supply capacity for SSBR, a product whose sales volume is steadily increasing, by 19% year on year in 2016 in a second phase of construction at JBE and also plan to start production in Hungary in 2018. In addition, our capacity utilization rate of nearly 100% is extremely high compared to other companies.

Production in Thailand started up behind schedule, due partly to manufacturing delays and partly to approval delays. Our SSBR is used in original equipment applications, and it took time to obtain approval from automakers. Because the product is used in original equipment, once approval has been obtained, demand can be expected to continuously increase. This is a business model that differentiates JSR from competitors. Future plans call for reinforcing the Group's sales bases in Europe, where SSBR demand will increase, and building a technical support system in China, where market needs exist. Although we are now introducing fourth-generation SSBR in Thailand, we are also establishing the technology for a fifth-generation product. In addition, we are working to introduce a product for the high-volume segment with the aim of increasing JSR's global market share for SSBR.

Change in JSR's SSBR production capacity and sales volume



Plastics

Performance Overview

-5.4%
¥52.2 billion
 Net Sales

+80.0%
¥5.1 billion
 Operating Income

- Sales increase in Japan and overseas, despite a year-on-year decrease in domestic automobile production
- Year-on-year increase in sales volumes for industrial material applications due mainly to strong sales of materials for miscellaneous goods
- Year-on-year decrease in net sales as the sales volume increase failed to compensate for a decline in product prices accompanying falling raw materials prices
- Year-on-year increase in operating income from profitability improvement and higher sales volumes

Preparing for a Leap Forward in Plastics

JSR, Ube Industries, and Mitsubishi Rayon are proceeding with integration of our ABS respective resins businesses through the merger of Techno Polymer, a wholly owned subsidiary of JSR, and UMG ABS, a company in which Ube Industries and Mitsubishi Rayon each holds a 50% equity interest. Due diligence is now underway. The three companies are proceeding with realignment of the synthetic resin industry to develop a business structure capable of stable supply into the future in the Japanese market, which is shrinking year by year. The aim is to actively pursue overseas sales expansion by combining the differentiated materials technologies of the merging companies.