

Creating Corporate Value

Elastomers

Performance Overview

Net Sales

¥ **185.3** billion

↑ **+3.4%**

Operating Profit

¥ **8.3** billion

↑ **+11.3%**

- While automobile tire and automobile production grew mildly year on year at the global level, domestic automobile tire production fell against the previous year.
- Total elastomer sales volume increased year on year.
- Total elastomer sales also rose against the previous year on a large increase in SSBR sales volume reflecting export growth and a high operating rate at the first-phase plant producing SSBR at JSR BST Elastomer Co., Ltd. (JBE), the Thai joint venture.
- Despite tighter margins on a stronger yen and deterioration of market conditions in the first half, operating profit rose year on year on higher sales volumes and improved margins on the second-half market recovery.

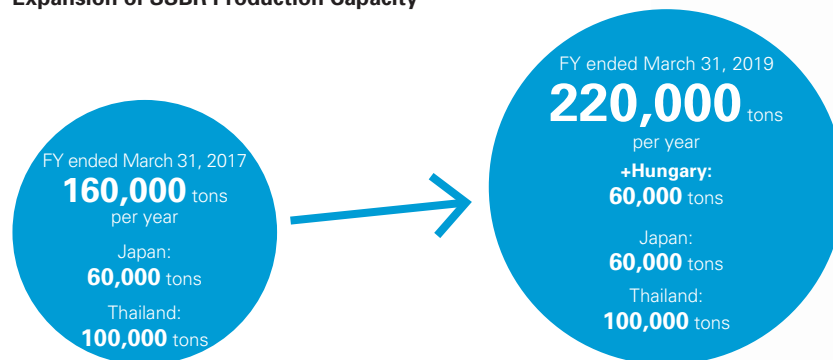
PETROCHEMICAL PRODUCTS BUSINESS

The SSBR Business Strategy

We expect annual average growth in global SSBR sales volume to be 6%-8% attendant with expanding demand for fuel-efficient tires due to growing environmental awareness. JSR's aggregate SSBR production capacity in Thailand and Japan is 160,000 tons at present. Moreover, a new plant in Hungary is to commence production in 2018, increasing JSR's capacity to 220,000 tons. Utilizing this capacity, we aim to expand sales volumes at over 10% per annum, outpacing overall market growth.

Also, we established JSR Elastomer Europe GmbH in Germany to reinforce the Group's sales bases in Europe, where SSBR demand will increase, and built a Tianjin technical center in China, where market needs exist. Although we are now introducing fourth-generation SSBR, 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.

Expansion of SSBR Production Capacity



Creating Corporate Value

PETROCHEMICAL PRODUCTS BUSINESS

Plastics

Performance Overview

Net Sales

¥46.0 billion

↓ -11.8%

Operating Profit

¥3.8 billion

↓ -26.2%

- Against a backdrop of steady global automobile production, total plastics sales volume grew year on year with sales volume for automobile applications increasing.
- Total plastics sales, however, fell year on year reflecting the large impact of product price declines due to a stronger yen and lower raw materials prices.
- Operating profit also plunged year on year on margin erosion reflecting the large impact of lower product prices.

Preparing for a Leap Forward in Plastics

JSR, Ube Industries, and Mitsubishi Chemical are proceeding with integration of the ABS resin businesses of their respective resins subsidiaries through the merger of Techno Polymer, a wholly-owned subsidiary of JSR, and UMG ABS, in which Ube Industries and Mitsubishi Chemical each holds a 50% equity interest.

On March 30, 2017, the three companies signed an agreement to integrate the ABS resin businesses of Techno Polymer and UMG ABS and are to jointly operate the newly integrated company, with a scheduled effective date of October 1, 2017. Annual production capacity at the integrated new company will be 400,000 tons. In addition to improving manufacturing efficiencies and securing cost competitiveness so as to provide a stable product supply in Japan, the integrated new company will strive to expand sales in high-end markets overseas.



Overview of New Company

