



Consolidated Financial Summary (Japanese Accounting Standards)
(For the nine months ended December 31, 2019)

January 27, 2020

Listed company: Shin-Etsu Polymer Co., Ltd.

Listing code: No. 7970 (URL <https://www.shinpoly.co.jp/>)
 Listing stock Exchange: Tokyo
 Representative: Yoshiaki Ono, Representative Director, President
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Scheduled date to submit the Quarterly Securities Report: February 7, 2020
 Scheduled date of dividend payout: –
 Supplementary documents for quarterly results: None
 Quarterly results briefing: None

(Amounts under a million yen are truncated.)

1. Consolidated Financial Highlights for the First Nine Months of the Fiscal Year Ending March 31, 2020
(April 1, 2019 to December 31, 2019)

(1) Consolidated Financial Results (The percentages indicate the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – December 31, 2019	60,724	(6.9)	5,843	(9.2)	6,319	(6.8)	4,738	(0.6)
April – December 31, 2018	65,225	10.0	6,433	19.2	6,781	20.2	4,767	14.7

(Note) Comprehensive income: April – December 31, 2019: ¥3,254 million (-19.0%); April – December 31, 2018: ¥4,018 million (-9.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – December 31, 2019	58.39	58.33
April – December 31, 2018	58.48	58.39

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	104,387	82,184	78.5
As of March 31, 2019	107,032	80,560	75.1

(Reference) Equity capital: December 31, 2019: ¥81,952 million; March 31, 2019: ¥80,388 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2019	–	8.00	–	8.00	16.00
March 2020	–	8.00	–		
March 2020 (forecast)				8.00	16.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(The percentages indicate the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	83,000	(2.9)	7,800	(4.3)	8,000	(0.3)	6,000	(0.8)		73.85

(Note) Revisions to financial forecasts published most recently: No

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2019: None
(Any changes in specific subsidiaries accompanied by a change in the scope of consolidating):
Newly added: None Eliminated: None
- (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None
- (3) Any changes in accounting policies and changes or restatement of accounting estimates
- | | |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | Yes |
| 2. Changes in accounting policies other than the above: | None |
| 3. Changes in accounting estimates: | None |
| 4. Restatement: | None |
- (4) Number of shares issued (common stock)
- | | | |
|--|---------------|-------------------|
| 1. Number of shares issued as of the term end (including treasury shares): | December 2019 | 82,623,376 shares |
| | March 2019 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2019 | 1,772,561 shares |
| | March 2019 | 1,377,302 shares |
| 3. Average number of shares during the term: | December 2019 | 81,157,079 shares |
| | December 2018 | 81,519,784 shares |

The consolidated financial summary is not included in the scope of the quarterly review by certified public accountants or audit corporations.

Statement regarding the proper use of financial forecasts and other special remarks

The forward-looking statements, such as results forecasts, included in this document are based on information currently available to the Company and certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially, depending on a range of factors.

Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Results, etc. for the Nine-Month Period Ended December 31, 2019

(1) Qualitative Information on Consolidated Results

The global economy continued to experience a moderate economic expansion, particularly in developed countries, during the nine-month period ended December 31, 2019, although the sense of uncertainty about the future outlook further increased, primarily due to the escalation of trade friction attributable to protectionist economic policies.

In the U.S., employment circumstances continued to improve and consumer spending remained firm, despite the slowdown in export growth. European economies continued to see strong domestic demand but showed a slowdown in growth mainly in the manufacturing industry. In Asia, although the economies were generally firm, the Chinese economy continued to slow.

In the Japanese economy, while corporate capital expenditure and consumer spending increased at a moderate pace, production and exports continued to show weakness.

The Group's business environment remained weak overall, because the semiconductor and electronics component industries temporarily experienced sluggish businesses and demand in the automotive sector remained flat from a year ago.

In this operating environment, the Group continued to focus its sales activities on boosting sales of both key products and new businesses in Japan and overseas, to expand the production/supply systems as well.

As a result, consolidated net sales stood at ¥60,724 million (down 6.9% year on year). Operating profit amounted to ¥5,843 million (down 9.2% year on year), ordinary profit was ¥6,319 million (down 6.8% year on year), and profit attributable to owners of parent stood at ¥4,738 million (down 0.6% year on year) for the nine months under review.

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, overall sales remained flat despite steady shipments at the year-ago level particularly of automotive input devices.

In the business of input devices, shipments of car-mounted electronic switches remained stable but shipments of touchpads for slim notebook personal computers showed slow growth, and sales fell year on year.

Sales of display-related products remained at a low level due to a fall in demand caused by weak market conditions.

Sales of component-related products grew, reflecting firm shipments of electronic-part testing connectors.

As a result, segment sales amounted to ¥15,088 million, down 3.8% year on year, and segment operating profit was ¥1,238 million, up 9.1% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales were lower than the year-ago level due to sluggish shipments of semiconductor-related containers and carrier tape-related products.

Sales of semiconductor-related containers decreased because of sluggish shipments for 300-mm wafer in-process containers due to an investment slowdown in the semiconductor industry.

Sales of components for office automation equipment remained at the year-ago level in the absence of growth in demand for development rollers for laser printers, which are mainstay products.

Sales of carrier tape-related products were sluggish despite gradual recovery in demand for electronic components for high-end smartphones.

Sales of silicone rubber molded products were generally weak despite the strong sales of mainstay medical

equipment.

As a result, segment sales stood at ¥25,053 million (down 11.6% year on year) and operating profit was ¥3,823 million (down 15.1% year on year).

3) Housing & Living Materials segment

In the Housing & Living Materials segment, the Company implemented new pricing, worked to increase production efficiency, and promoted sales of products in new businesses amid the extremely harsh market environment of PVC products, however, growth in overall sales was slow.

In the segment of packing materials such as wrapping films, sales remained at the level of a year earlier, reflecting poor shipments overall, despite price revisions in certain areas.

Sales of PVC pipes and related products showed slow growth due to the failure to maintain the shipment volume despite the successful implementation of new pricing for some products amid intensifying market competition.

Sales of functional compounds remained flat, reflecting sluggish shipments of robot cables since the beginning of the year, coupled with a slowdown in the growth of automobile-related demand.

Sales of exterior materials were unchanged from a year ago despite the expansion of sales to new customers, implementation of price revisions, and special demand caused by disaster recovery because special demand came to an end early in the second half.

Sales of conductive polymer, a new business product, were weak due to a sharp drop in demand for use in smartphone components caused by a change in customer manufacturing methods and a slowdown in orders for use in automotive electronic components from the second half.

As a result, segment sales stood at ¥14,637 million (down 5.0% year on year) and segment operating profit was ¥450 million (down 15.7% year on year).

4) Others segment

Overall sales were unchanged year on year despite an increase in orders for new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas, and the interior construction of public facilities in the construction business.

As a result, segment sales amounted to ¥5,944 million (up 2.6% year on year) and operating profit was ¥330 million (up 27.0% year on year).

(2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts

Consolidated financial forecasts for the fiscal year ending March 31, 2020 published on July 23, 2019 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2019 (As of March 31, 2019)	Nine months ended December 31, 2019
Assets		
Current assets		
Cash and deposits	41,974	40,733
Notes and accounts receivable - trade	20,228	19,852
Electronically recorded monetary claims - operating	3,392	3,262
Merchandise and finished goods	6,316	6,734
Work in process	1,557	1,655
Raw materials and supplies	3,236	3,252
Accounts receivable - other	1,629	1,129
Other	383	613
Allowance for doubtful accounts	(326)	(486)
Total current assets	78,391	76,748
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,753	8,554
Machinery, equipment and vehicles, net	5,805	5,187
Land	6,666	6,641
Construction in progress	1,139	1,320
Other, net	1,741	1,860
Total property, plant and equipment	24,106	23,564
Intangible assets		
Software	101	82
Other	70	74
Total intangible assets	172	156
Investments and other assets		
Investment securities	2,244	2,036
Deferred tax assets	1,195	835
Other	923	1,045
Total investments and other assets	4,362	3,917
Total non-current assets	28,641	27,639
Total assets	107,032	104,387

(Million yen)

	Year ended March 31, 2019 (As of March 31, 2019)	Nine months ended December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,399	11,722
Electronically recorded obligations - operating	2,309	2,177
Accounts payable - other	2,384	1,189
Income taxes payable	1,049	285
Accrued expenses	2,460	2,400
Provision for bonuses	1,336	921
Provision for bonuses for directors (and other officers)	52	42
Other	2,277	1,425
Total current liabilities	24,272	20,165
Non-current liabilities		
Retirement benefit liability	1,512	1,310
Other	687	726
Total non-current liabilities	2,200	2,037
Total liabilities	26,472	22,202
Net Assets		
Shareholders' equity		
Share capital	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	61,284	64,714
Treasury shares	(1,329)	(1,710)
Total shareholders' equity	82,310	85,358
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	375	308
Foreign currency translation adjustment	(2,260)	(3,686)
Remeasurements of defined benefit plans	(36)	(28)
Total accumulated other comprehensive income	(1,922)	(3,406)
Share acquisition rights	172	232
Total net assets	80,560	82,184
Total liabilities and net assets	107,032	104,387

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Net sales	65,225	60,724
Cost of sales	44,543	41,359
Gross profit	20,682	19,365
Selling, general and administrative expenses	14,248	13,521
Operating profit	6,433	5,843
Non-operating income		
Interest income	276	278
Foreign exchange gains	56	–
Gain on sales of investment securities	–	181
Other	66	119
Total non-operating income	399	579
Non-operating expenses		
Interest expenses	18	16
Foreign exchange losses	–	52
Loss on retirement of non-current assets	11	23
Loss on valuation of investment securities	17	–
Other	4	10
Total non-operating expenses	51	102
Ordinary profit	6,781	6,319
Profit before income taxes	6,781	6,319
Income taxes - current	1,810	1,211
Income taxes - deferred	203	369
Total income taxes	2,013	1,581
Profit	4,767	4,738
Profit attributable to owners of parent	4,767	4,738

Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Profit	4,767	4,738
Other comprehensive income		
Valuation difference on available-for-sale securities	(157)	(66)
Foreign currency translation adjustment	(590)	(1,425)
Remeasurements of defined benefit plans	(1)	8
Total other comprehensive income	(749)	(1,484)
Comprehensive income	4,018	3,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,018	3,254

(3) Explanatory Notes to Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity (if any))

Not applicable

(Change in Accounting Policy)

Starting from the first quarter of the consolidated fiscal year ending March 31, 2020, IFRS 16 (leases) has been adopted by some consolidated subsidiaries. The adoption of this accounting policy has an immaterial impact on the quarterly consolidated financial statements.

(Segment Information)

Information on net sales and profits or losses by reported segment

Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	15,685	28,345	15,402	59,433	5,791	65,225
Inter-segment sales or transfers	–	–	–	–	–	–
Total	15,685	28,345	15,402	59,433	5,791	65,225
Segment profit (Operating profit)	1,134	4,503	534	6,173	260	6,433

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.

Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	15,088	25,053	14,637	54,780	5,944	60,724
Inter-segment sales or transfers	–	–	–	–	–	–
Total	15,088	25,053	14,637	54,780	5,944	60,724
Segment profit (Operating profit)	1,238	3,823	450	5,512	330	5,843

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.