

2nd Quarter of Financial Year
Ended March 2020



Shin-Etsu Polymer Co., Ltd.
Listing code : 7970

Business Result

Nov 8, 2019



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1. Main Points of Consolidated Performance

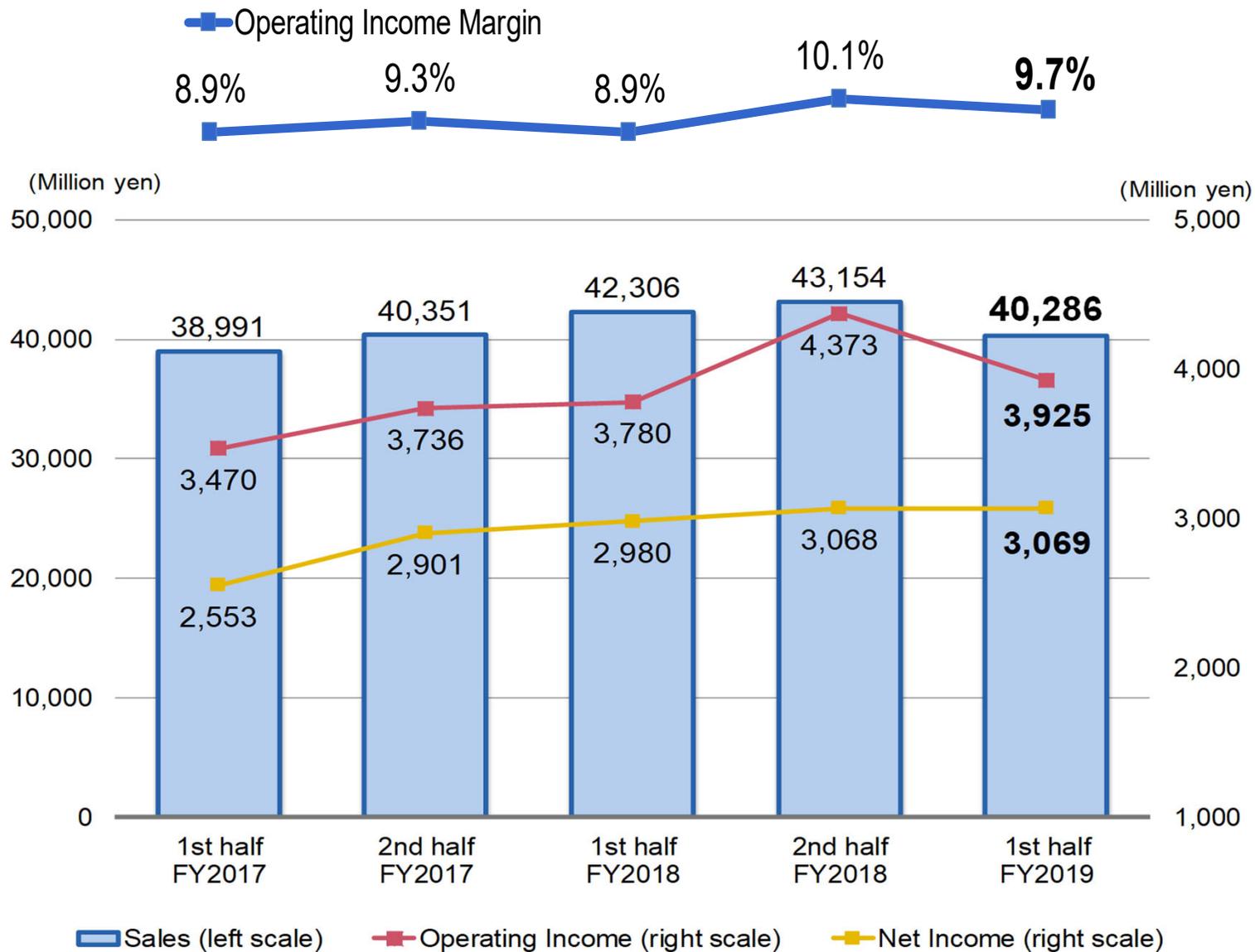
- **Sales benefited from remaining steady demand in the automotive sector.**
 - **Investment slowdown in the semiconductor industry caused demand decline.**
- 1) Shipment of automotive input devices remained steadily.
 - 2) Sales of 300-mm wafer in-process containers decreased.
 - 3) Sales of PVC products and new material products was flat.

2. Summary of Consolidated Performance

(Million yen)

	1st half FY2018	1st half FY2019	Change	
Net Sales	42,306	40,286	△ 2,020	△ 4.8%
Operating Income	3,780	3,925	145	3.8%
Ordinary Income	4,177	4,033	△ 144	△ 3.4%
Net Income	2,980	3,069	89	3.0%
Net Income per Share (yen)	36.5	37.8	1.3	3.4%
Dividend per Share (yen)	8.0	8.0	0.0	0.0%
Exchange Rate (yen/US dollar)	Jan.-Jun. (Avg.)	108.7	-	-
	Apr.-Sept. (Avg.)	110.3	-	-

3. Changes in Consolidated Financial Results



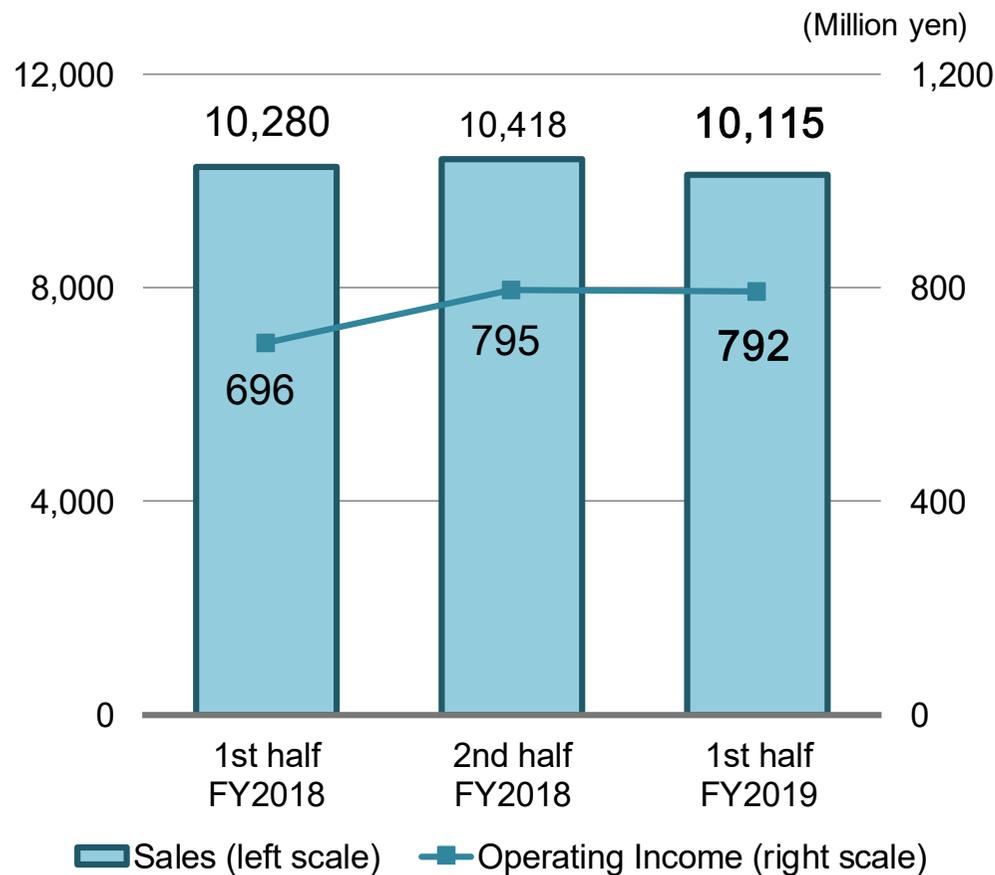
4. Summary of Performance by Business Segment

(Million yen)

	Sales				Operating Income			
	1st half FY2018	1st half FY2019	Change		1st half FY2018	1st half FY2019	Change	
Electronic Devices	10,280	10,115	△ 165	△ 1.6%	696	792	96	13.7%
Precision Molding Products	18,452	16,354	△ 2,098	△ 11.4%	2,764	2,603	△ 161	△ 5.8%
Housing & Living Materials	9,790	9,665	△ 125	△ 1.3%	189	363	174	92.0%
Others	3,782	4,149	367	9.7%	129	165	36	27.3%
Total	42,306	40,286	△ 2,020	△ 4.8%	3,780	3,925	145	3.8%

5. Performance by Business Segment

Electronic Devices



■ Input devices

Sales of automotive key switches and capacitive touch switches were solid. Sales of touch pads for slim notebook PCs remained sluggish.

■ Display-related products

Sales of inter-connectors for LCD connections and view control film (VCF) for optical use remained at a low level.

■ Component-related products

Sales of silicone wiper blades for automotive increased.

5. Performance by Business Segment

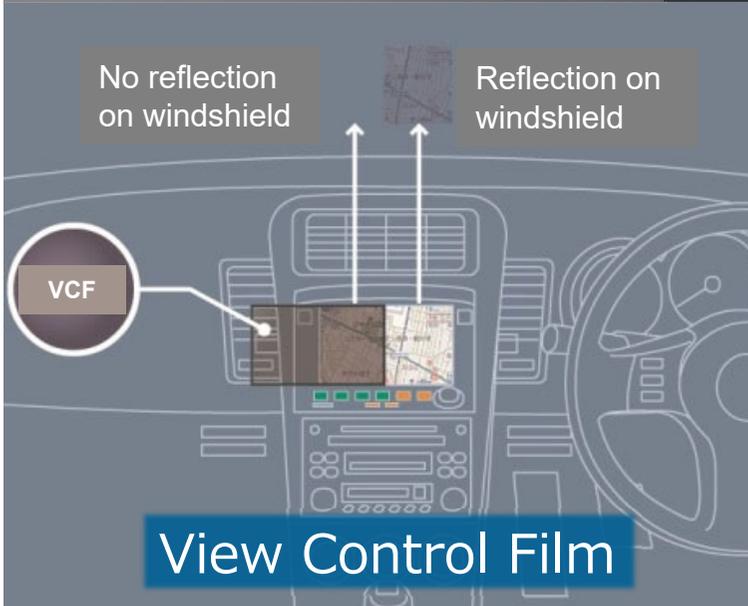
Electronic Devices



Keypad switch (Automotive)



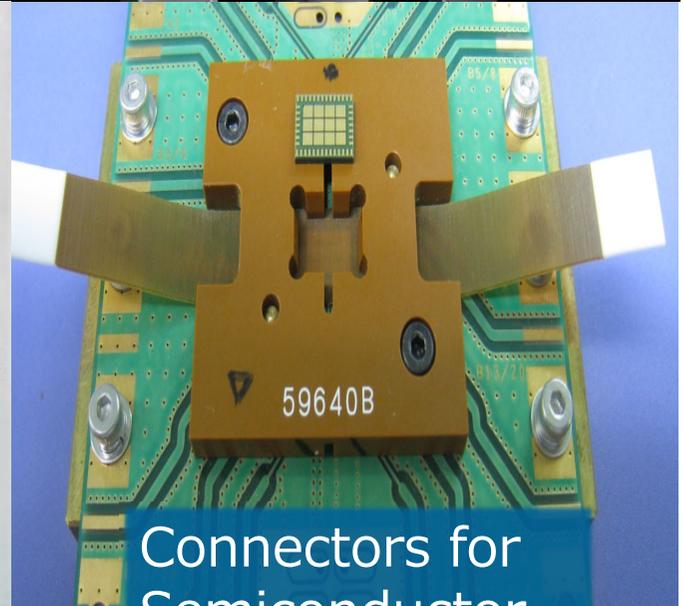
Touch switch (Automotive)



View Control Film



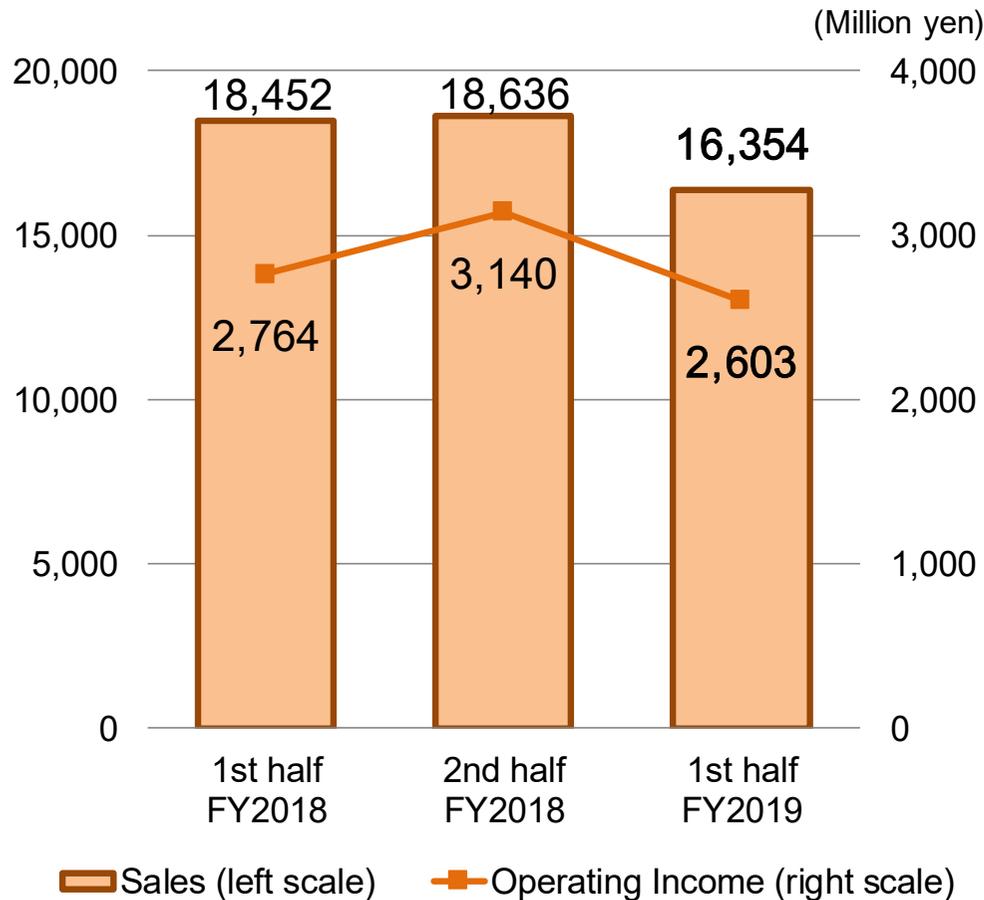
Connectors for LCD



Connectors for Semiconductor

5. Performance by Business Segment

Precision Molding Products



■ Semiconductor-related containers

Sales of 300 mm-wafer shipping boxes were steady, but shipment of FOUP decreased.

■ OA device components

Sales for development rollers were flat.

■ Carrier tapes

Shipments for micro components and semiconductors were sluggish.

■ Silicone rubber molded products

Sales of medical products grew steadily.

5. Performance by Business Segment

Precision Molding Products

Silicone wafer container



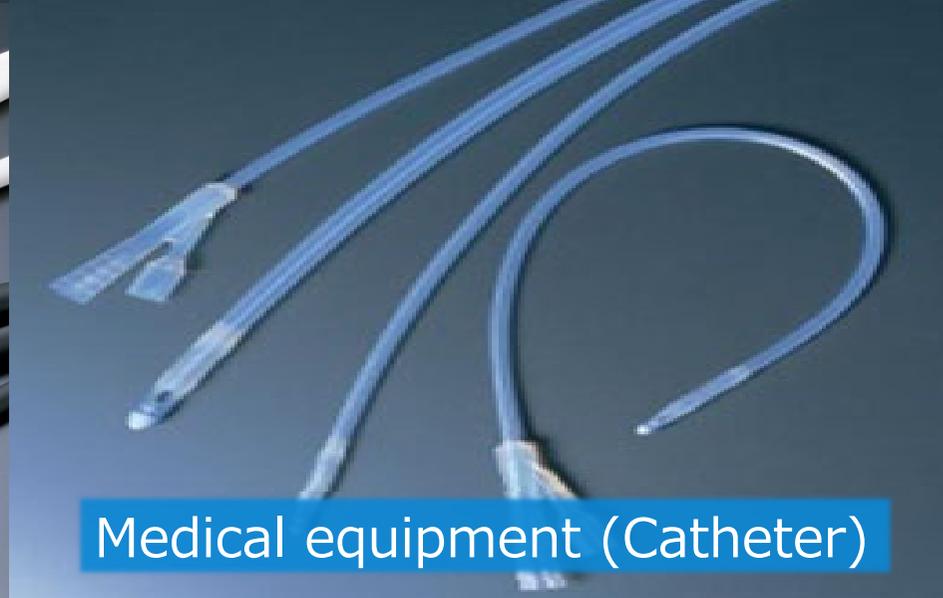
Carrier tapes



Rollers for OA devices

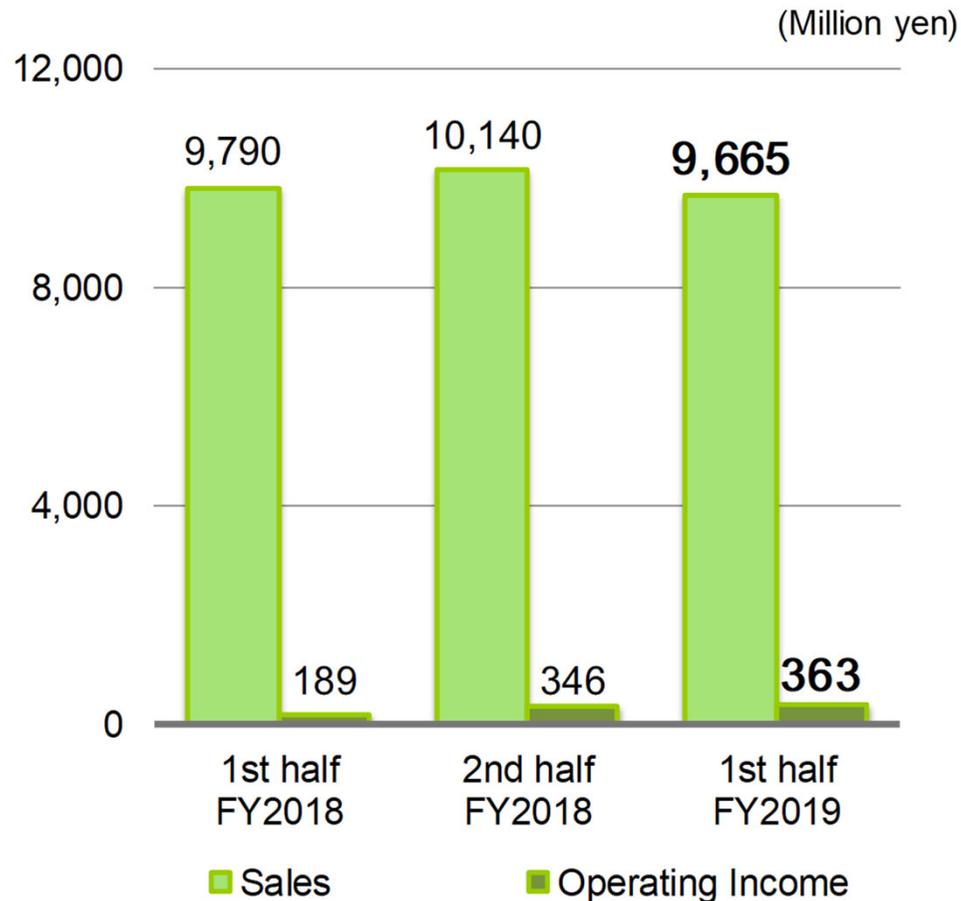


Medical equipment (Catheter)



5. Performance by Business Segment

Housing & Living Materials



■ Wrapping films

Sales for food supermarkets and food services struggled, but for confectionery rather grew.

■ Exterior products

Demand of corrugated sheets and sealant products grew, price revisions was implemented.

■ Functional compounds

Sales for robot cables decreased but for automobiles overseas were steady.

■ Material products

Sales of conductive polymers declined for use in smartphone components despite of strong demand for use in automotive electronic components.

5. Performance by Business Segment

Housing & Living Materials



6. Financial Statements

Comparative Balance Sheet

		(Million yen)		
		As of End of Mar. 2018	As of End of Sep. 2018	Change
Current Assets	Cash and deposits	41,974	41,313	△ 661
	Notes and accounts receivable— trade	23,621	21,594	△ 2,027
	Electronically recorded monetary claims—operating	11,109	11,539	430
	Inventory assets	1,686	1,181	△ 505
	Total	78,391	75,629	△ 2,762
Noncurrent Assets	Property, plant and equipment	24,106	23,910	△ 196
	Intangible assets	172	165	△ 7
	Other	4,362	3,960	△ 402
	Total	28,641	28,036	△ 605
Total assets		107,032	103,666	△ 3,366
Current Liabilities	Notes and accounts payable— trade	14,709	12,725	△ 1,984
	Electronically recorded obligations —operating	9,562	6,939	△ 2,623
	Other	24,272	19,665	△ 4,607
	Total	24,272	19,665	△ 4,607
Noncurrent Liabilities	Net defined benefit liability	1,512	1,305	△ 207
	Other	687	632	△ 55
	Total	2,200	1,938	△ 262
Total liabilities		26,472	21,603	△ 4,869
Total net assets		80,560	82,063	1,503
Total liabilities and net assets		107,032	103,666	△ 3,366

6. Financial Statements

Comparative Statement of Income

(Million yen)

	1st half FY2018	1st half FY2019	Change	
Net sales	42,306	40,286	△ 2,020	△ 4.8%
Cost of sales	29,289	27,498	△ 1,791	△ 6.1%
Selling, general and administrative expenses	9,235	8,861	△ 374	△ 4.0%
Operating income	3,780	3,925	145	3.8%
Non-operating income	416	315	△ 101	△ 24.3%
Non-operating expenses	20	207	187	935.0%
Ordinary income	4,177	4,033	△ 144	△ 3.4%
Income before income taxes and minority interests	4,177	4,033	△ 144	△ 3.4%
Income taxes—current	1,142	782	△ 360	△ 31.5%
Income taxes—deferred	53	181	128	241.5%
Net income	2,980	3,069	89	3.0%

6. Financial Statements

Cash Flow Statement

		(Million yen)
	1st half FY2018	1st half FY2019
Cash flow provided by (used in) operating activities	3,228	3,343
Net cash provided by (used in) investing activities	△ 3,614	△ 2,596
Net cash provided by (used in) financing activities	△ 464	△ 650
Cash and cash equivalents at end of period	40,677	40,239

7. Performance Forecast

(Million yen)

	FY2018	FY2019 (Forecast)	Change	
Net Sales	85,460	83,000	△ 2,460	△ 2.9%
Operating Income	8,153	7,800	△ 353	△ 4.3%
Ordinary Income	8,026	8,000	△ 26	△ 0.3%
Current Net Income	6,049	6,000	△ 49	△ 0.8%
Current Net Income per Share (yen)	74.3	73.9	△ 0.4	△ 0.6%
Annual Dividend per Share (yen)	16.0	16.0	0.0	0.0%

8. Performance Forecast by Business Segment

(Million yen)

Sales				
	FY2018	FY2019 (Forecast)	Change	
Electronic Devices	20,699	20,700	1	0.0%
Precision Molding Products	37,089	34,300	△ 2,789	△ 7.5%
Housing & Living Materials	19,931	20,000	69	0.3%
Others	7,740	8,000	260	3.4%
Total	85,460	83,000	△ 2,460	△ 2.9%

Operating Income				
	FY2018	FY2019 (Forecast)	Change	
Electronic Devices	1,492	1,600	108	7.2%
Precision Molding Products	5,904	5,300	△ 604	△ 10.2%
Housing & Living Materials	535	650	115	21.5%
Others	220	250	30	13.6%
Total	8,153	7,800	△ 353	△ 4.3%

9. Capital Expenditure, Depreciation, Research & Development

	(Million yen)			
	FY2016	FY2017	FY2018	FY2019 (Forecast)
Capital Expenditure	3,721	5,420	6,023	5,000
Depreciation	2,872	3,011	3,790	3,900
R&D Costs	3,572	3,382	4,249	4,000

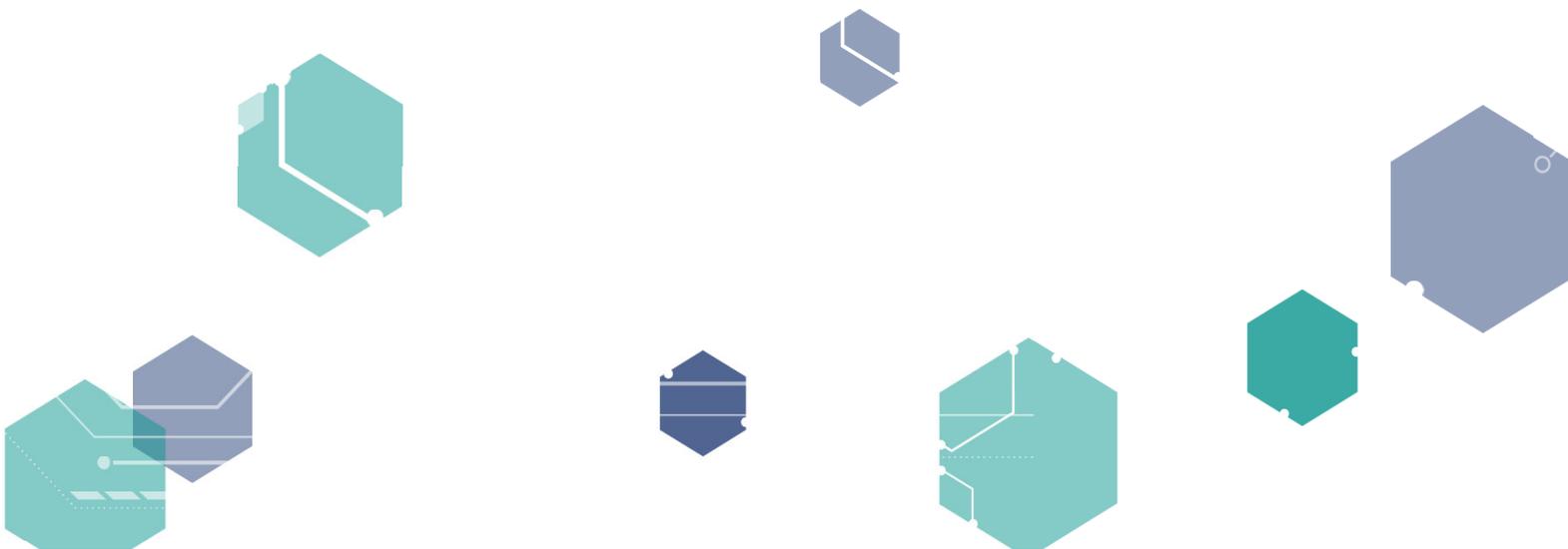
CAPEX Topics:

◆ Expansion of Shin-Etsu Polymer India

Machine capability for Key switches will be increased approx. 20% next April.

Third plant building in the current land will be completed next July.

Company Overview



Company Overview

Profile

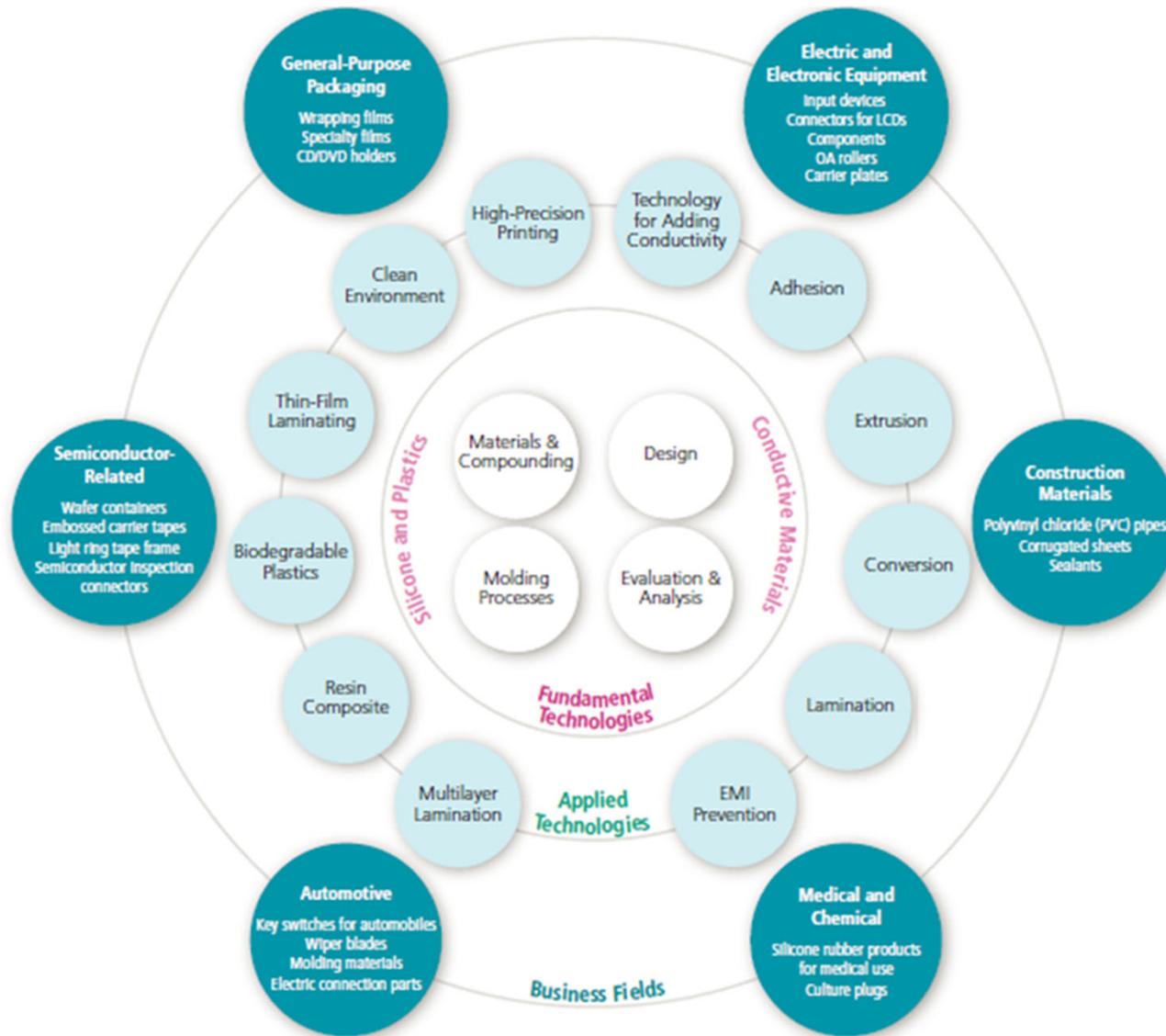
Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications for our fundamental technologies using silicone and various plastics involving materials and compounding, design, molding processes, and evaluation and analysis.

As a manufacturer of molded plastic products, we meet diverse customer needs in a wide array of fields from automobiles and information devices to semiconductors and construction materials.

Established	September 15, 1960, as a wholly owned subsidiary of Shin-Etsu Chemical Co., Ltd.
Main businesses	Manufacture and sale of resin processed products Operates businesses in a wide array of fields from electric and electronic devices to construction materials
Paid-in capital	¥11,635.95 million
Number of consolidated subsidiaries	14
Number of employees	4,372 (consolidated), 1,036 (non-consolidated) (As of September 30, 2019)

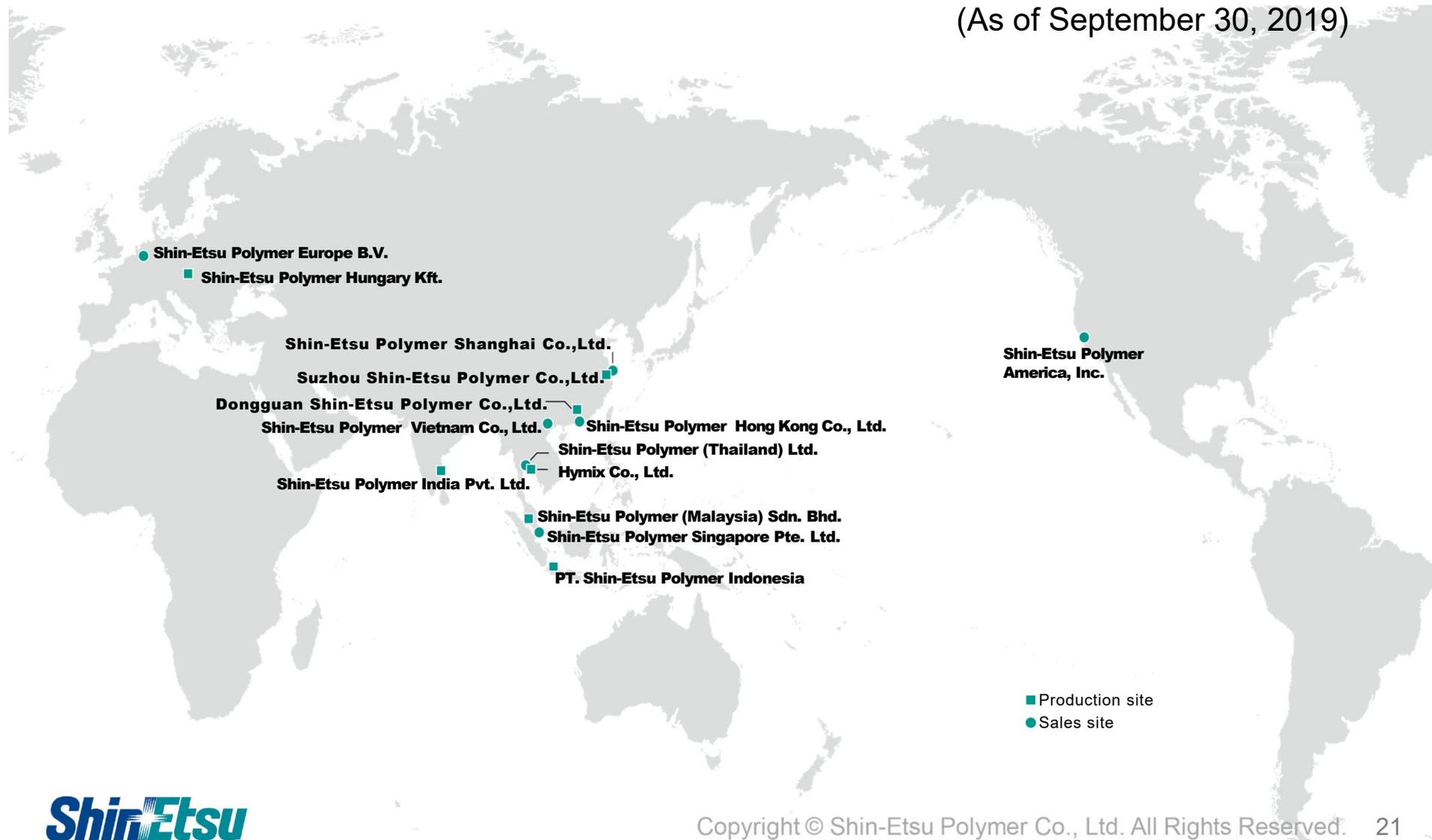
Company Overview

Technological Development

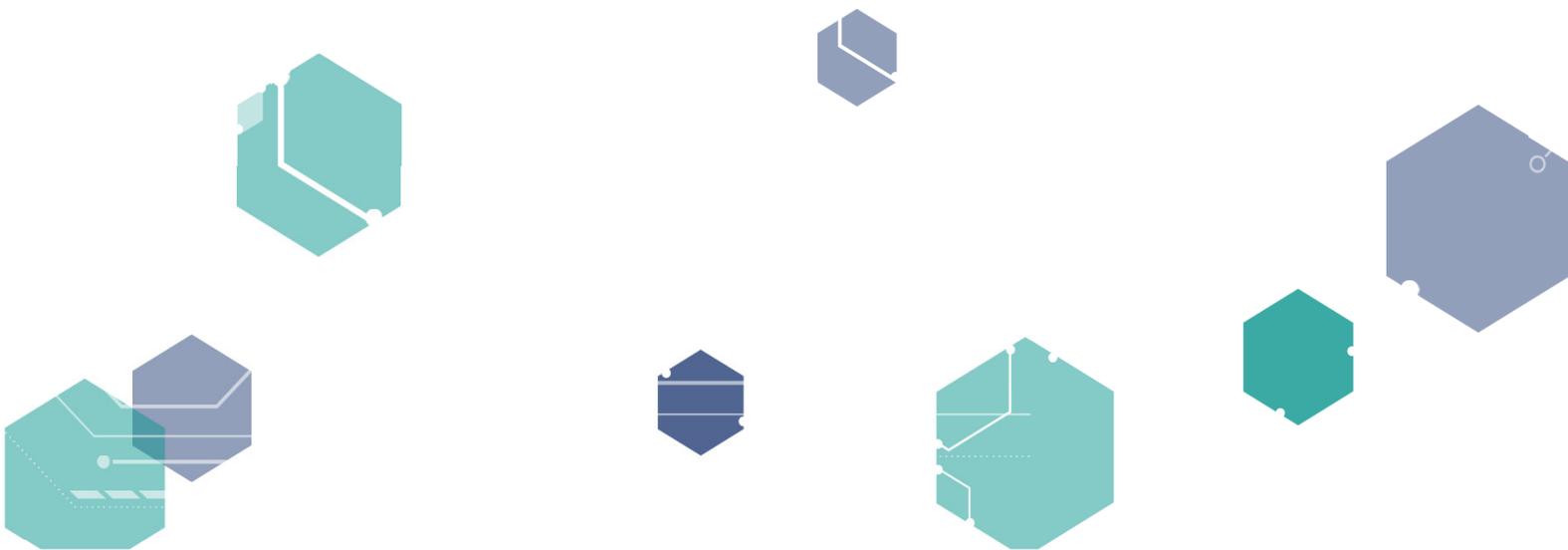


Ability to Meet Global Needs

(As of September 30, 2019)



Reference Materials



Reference Materials

Financial Summary

	(Million yen)				
	FY2014	FY2015	FY2016	FY2017	FY2018
Net sales	71,707	75,039	73,979	79,343	85,460
Operating income	2,231	4,101	5,511	7,206	8,153
Ordinary income	2,865	4,532	5,934	7,274	8,026
Current net income	1,777	3,151	4,230	5,455	6,049
Total assets	93,889	92,845	96,061	103,667	107,032
Net assets	72,250	71,253	72,890	77,510	80,560
Equity ratio	76.0%	76.7%	75.8%	74.6%	75.1%
Current net income per share(yen)	21.85	38.55	51.60	66.48	74.27
Annual dividend per share(yen)	9.00	9.00	12.00	12.00	16.00
Operating margin	3.1%	5.5%	7.5%	9.1%	9.5%
ROE - Return (Net income) on equity	2.6%	4.4%	5.9%	7.3%	7.7%
ROA - Return (Ordinary income) on assets	3.1%	4.9%	6.3%	7.3%	7.6%
Number of employees	3,962	3,942	4,144	4,407	4,614

Reference Materials

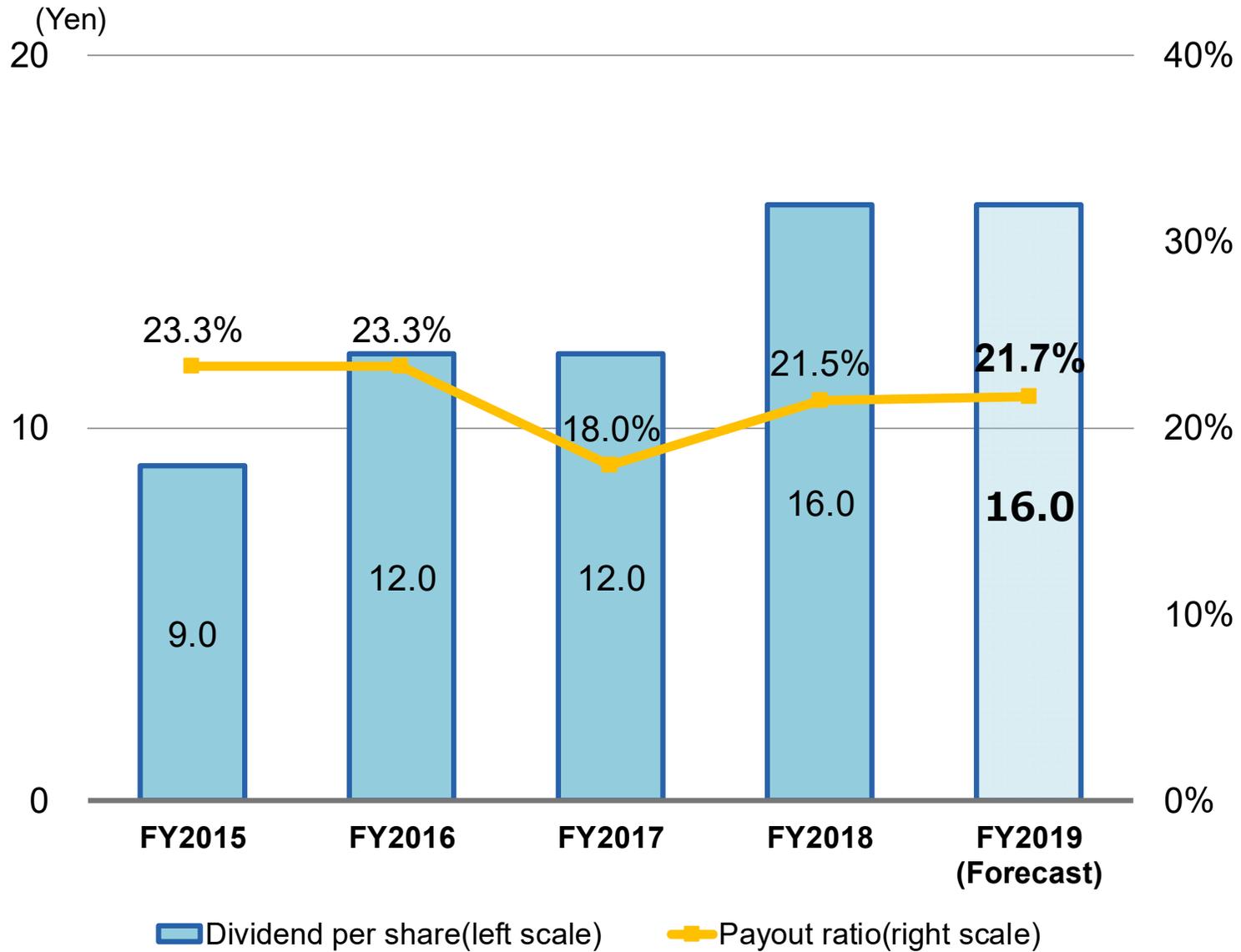
Quarterly Changes by Business Segment

(Million yen)

		FY2018						FY2019		
		1Q	2Q	1st half	3Q	4Q	2nd half	1Q	2Q	1st half
Electronic Devices	Net Sales	4,968	5,311	10,280	5,404	5,014	10,418	4,894	5,220	10,115
	Operating Income	316	380	696	437	358	795	376	415	792
Precision Molding Products	Net Sales	9,070	9,382	18,452	9,893	8,743	18,636	7,979	8,375	16,354
	Operating Income	1,338	1,425	2,764	1,739	1,401	3,140	1,195	1,408	2,603
Housing & Living Materials	Net Sales	4,954	4,835	9,790	5,612	4,528	10,140	4,767	4,898	9,665
	Operating Income	90	99	189	345	0	346	161	202	363
Others	Net Sales	1,703	2,078	3,782	2,009	1,949	3,958	1,796	2,353	4,149
	Operating Income	68	61	129	130	△ 39	90	86	78	165
Total	Net Sales	20,697	21,608	42,306	22,919	20,235	43,154	19,438	20,848	40,286
	Operating Income	1,813	1,966	3,780	2,653	1,720	4,373	1,820	2,105	3,925

Reference Materials

Dividend per share





Forward-Looking Statements

This document contains information about Shin-Etsu Polymer's current plans, strategies and other items not based on historical fact. These are forward-looking statements that involve risks and uncertainties. Actual results may differ significantly from those discussed in the forward-looking statements due to various factors in the Company's operating environment, including changes in economic and market conditions, foreign exchange rates and demand trends.

Note: All yen figures in this document have been rounded down to the nearest unit.