



**Consolidated Financial Summary (Japanese Accounting Standards)
(For the first quarter ended June 30, 2019)**

July 23, 2019

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

Listing code: No. 7970 (URL <https://www.shinpoly.co.jp/english>)
 Listing stock exchange: Tokyo
 Representative: Yoshiaki Ono, Representative Director, President
 Person to contact: Hideaki Hirasawa, General Manager of Accounting & Finance Department
 TEL: +81-3-5289-3716

Scheduled date to submit the Quarterly Securities Report: August 9, 2019

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 Quarter of the Fiscal Year Ending March 31, 2020
(April 1, 2019 to June 30, 2019)**

(1) Consolidated Financial Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – June 30, 2019	19,438	(6.1)	1,820	0.3	1,816	(10.3)	1,288	(10.4)
April – June 30, 2018	20,697	9.0	1,813	7.8	2,025	9.8	1,438	14.6

(Note) Comprehensive income (loss): June 30, 2019: ¥1,477 million (-%); June 30, 2018: ¥106 million (-69.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – June 30, 2019	15.86	15.85
April – June 30, 2018	17.62	17.58

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended June 30, 2019	105,206	81,387	77.2
Year ended March 31, 2019	107,032	80,560	75.1

(Reference) Equity capital: June 30, 2019: ¥81,215 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	—				
March 2020 (forecast)		8.00	—	8.00	16.00

(Note) Revisions to dividend forecasts published most recently: Yes

Dividend forecasts for the fiscal year ending March 31, 2020, which remained undecided due to the difficulty of reasonably forecasting operating results, are presented above, taking into consideration the results of calculations with respect to results forecasts for the fiscal year ending March 31, 2019.

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: Yes

Results forecasts for the fiscal year ending March 31, 2020, which remained undecided due to the difficulty of reasonable calculations, are presented above, factoring in the recent business environment and trends in operating results.

* Notes

- (1) Any changes in important subsidiaries during the three months ended June 30, 2019 (any changes in specific subsidiaries accompanied by a change in the scope of consolidating): None
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): | June 2019 | 82,623,376 shares |
| | March 2019 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | June 2019 | 1,377,302 shares |
| | March 2019 | 1,377,302 shares |
| 3. Average number of shares during the term: | June 2019 | 81,246,074 shares |
| | June 2018 | 81,600,782 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.

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1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2019

(1) Qualitative Information on the Consolidated Results

The global economy continued to experience a moderate recovery, particularly in developed countries, during the first three months of the consolidated fiscal year ending March 31, 2020, 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, corporate capital expenditure and consumer spending increased at a moderate pace, although exports and production showed a decline. In addition, there were concerns over the deterioration of corporate earnings in the manufacturing industry because the yen became stronger following the prediction of the U.S. and European central banks implementing monetary easing by the end of this year.

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 during the first quarter under review stood at ¥19,438 million (down 6.1% year on year). Operating profit amounted to ¥1,820 million (up 0.3% year on year), ordinary profit was ¥1,816 million (down 10.3% year on year), and profit attributable to owners of parent stood at ¥1,288 million (down 10.4% year on year).

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, overall sales remained flat despite continued steady shipments, particularly of automotive input devices.

In the business of input devices, shipments of automotive key switches remained at the year-ago level despite the launch of new models for car-mounted electronic switches. Meanwhile, sales of slim notebook personal computer touchpads rose year on year due to incorporation in new models.

Sales of display-related products remained flat in the absence of growth of LCD connectors, which offset an expansion of view-control films (VCFs) for optical applications.

In the business of component-related products, sales of products for applications in other components expanded, which offset the sluggish growth of electronic-part testing connectors.

As a result, segment sales amounted to ¥4,894 million, down 1.5% year on year, and segment operating profit was ¥376 million, up 19.0% 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 were discouraging, because shipments of products for 300-mm wafer containers and those for small-diameter wafers remained weak against the backdrop of sluggish market conditions in the semiconductor industry.

Sales of office automation equipment remained at the level of a year earlier due to absent growth in demand for development rollers for laser printers as mainstay products.

Sales of carrier tape-related products fell year on year due to weak demand for components for high-end smartphones.

In silicone rubber molded products, sales were generally weak, although shipments of mainstay medical equipment maintained the year-ago level.

As a result, segment sales stood at ¥7,979 million (down 12.0% year on year) and operating profit was ¥1,195

million (down 10.7% year on year).

3) Housing & Living Materials segment

In the Housing & Living Materials segment, efforts were made for the implementation of new pricing and sales promotion for products in new businesses amid the extremely harsh market environment of PVC products. Overall sales, however, did not grow as expected.

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 fell short from the level of a year earlier in the absence of growth in shipments, although new pricing was successfully implemented for some products amid intensifying market competition.

Sales of functional plastic compounds did not rise as expected, reflecting a weak recovery of robot cables from sluggish shipments since the beginning of the year, coupled with the slowdown in the growth of automobile-related demand.

Sales of exterior materials grew thanks to the expansion of sales to new customers, implementation of price revisions and enhancement of product lines, as well as the continuation of special demand that occurred in the previous year.

Sales of conductive polymer, a new business product, declined year on year due to a sharp drop in demand for use in smartphone components, although demand for use in automotive electronic components rose.

As a result, segment sales stood at ¥4,767 million (down 3.8% year on year) and segment operating profit was ¥161 million (up 78.3% year on year).

4) Others segment

In the Others segment, orders increased with respect to the new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas, and the interior construction of public facilities.

As a result, segment sales amounted to ¥1,796 million (up 5.5% year on year) and operating profit was ¥86 million (up 26.7% year on year).

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

With respect to the future business environment, there is an increasing sense of uncertainty about the global economy mainly due to the intensifying trade friction between the U.S. and China, slowdown of the Chinese economy and delayed recovery therefrom. Meanwhile, in the Japanese economy, although corporate capital spending is increasing at a moderate pace, there is growing uncertainty over the future outlook due to concerns about the impact of weak consumer spending mainly due to the consumption tax hike planned in October and labor shortages.

Under these circumstances, the Group will accelerate the global expansion of its businesses through sales efforts that accurately meet demand in the worldwide market, and by ensuring optimal production locations, efficient business management and creation of new businesses in accordance with changes in the business environment.

The consolidated results for the fiscal year under review are expected to include sales of ¥83,000 million, operating profit of ¥7,800 million, ordinary profit of ¥8,000 million, and profit attributable to owners of parent of ¥6,000 million. In addition, with respect to forecasts of dividends, the annual dividend per share remains unchanged from the previous year, or ¥16 (the end of the second quarter: ¥8; the end of the fiscal year: ¥8).

2. Consolidated Quarterly Financial Statements and Key Notes**(1) Consolidated Balance Sheets**

(Million yen)

	Year ended March 31, 2019	First quarter ended June 30, 2019
Assets		
Current assets		
Cash and deposits	41,974	40,801
Notes and accounts receivable - trade	20,228	18,939
Electronically recorded monetary claims - operating	3,392	3,318
Merchandise and finished goods	6,316	6,823
Work in process	1,557	1,705
Raw materials and supplies	3,236	3,607
Accounts receivable - other	1,629	1,331
Other	383	642
Allowance for doubtful accounts	(326)	(319)
Total current assets	78,391	76,849
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,753	8,894
Machinery, equipment and vehicles, net	5,805	5,749
Land	6,666	6,674
Construction in progress	1,139	1,168
Other, net	1,741	1,768
Total property, plant and equipment	24,106	24,254
Intangible assets		
Software	101	94
Other	70	71
Total intangible assets	172	166
Investments and other assets		
Investment securities	2,244	2,113
Deferred tax assets	1,195	925
Other	923	896
Total investments and other assets	4,362	3,936
Total non-current assets	28,641	28,356
Total assets	107,032	105,206

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the first quarter ended June 30, 2019)

(Million yen)

	Year ended March 31, 2019	First quarter ended June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,399	12,058
Electronically recorded obligations - operating	2,309	2,353
Accounts payable - other	2,384	2,189
Income taxes payable	1,049	250
Accrued expenses	2,460	2,374
Provision for bonuses	1,336	825
Provision for bonuses for directors (and other officers)	52	14
Other	2,277	1,715
Total current liabilities	24,272	21,781
Non-current liabilities		
Retirement benefit liability	1,512	1,317
Other	687	719
Total non-current liabilities	2,200	2,037
Total liabilities	26,472	23,818
Net Assets		
Shareholders' equity		
Share capital	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	61,284	61,923
Treasury shares	(1,329)	(1,329)
Total shareholders' equity	82,310	82,948
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	375	303
Foreign currency translation adjustment	(2,260)	(2,001)
Remeasurements of defined benefit plans	(36)	(34)
Total accumulated other comprehensive income	(1,922)	(1,733)
Share acquisition rights	172	172
Total net assets	80,560	81,387
Total liabilities and net assets	107,032	105,206

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

Consolidated Statements of Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2018 (April 1, 2018 to June 30, 2018)	First quarter ended June 30, 2019 (April 1, 2019 to June 30, 2019)
Net sales	20,697	19,438
Cost of sales	14,279	13,308
Gross profit	6,418	6,129
Selling, general and administrative expenses	4,604	4,309
Operating profit	1,813	1,820
Non-operating income		
Interest income	96	105
Foreign exchange gains	97	–
Gain on sales of investment securities	–	76
Other	29	40
Total non-operating income	223	223
Non-operating expenses		
Interest expenses	5	5
Foreign exchange losses	–	214
Other	5	7
Total non-operating expenses	11	226
Ordinary profit	2,025	1,816
Profit before income taxes	2,025	1,816
Income taxes - current	436	238
Income taxes - deferred	151	289
Total income taxes	587	527
Profit	1,438	1,288
Profit attributable to owners of parent	1,438	1,288

Consolidated Statement of Comprehensive Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2018 (April 1, 2018 to June 30, 2018)	First quarter ended June 30, 2019 (April 1, 2019 to June 30, 2019)
Profit	1,438	1,288
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(72)
Foreign currency translation adjustment	(1,324)	258
Remeasurements of defined benefit plans, net of tax	(0)	2
Total other comprehensive income	(1,331)	189
Comprehensive income	106	1,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	106	1,477

(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) will be adopted by some consolidated subsidiaries. The adoption of this accounting policy will have an immaterial impact on the quarterly consolidated financial statements.

(Segment Information)

Information on net sales and profits or losses by reported segment

Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	4,968	9,070	4,954	18,994	1,703	20,697
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,968	9,070	4,954	18,994	1,703	20,697
Segment profit (Operating profit)	316	1,338	90	1,745	68	1,813

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

Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	4,894	7,979	4,767	17,641	1,796	19,438
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,894	7,979	4,767	17,641	1,796	19,438
Segment profit (Operating profit)	376	1,195	161	1,733	86	1,820

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