



Consolidated Financial Summary (Japanese Accounting Standards)
(For the nine months ended December 31, 2018)

January 28, 2019

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 8, 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 Nine Months of the Fiscal Year Ending March 31, 2019
(April 1, 2018 to December 31, 2018)

(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, 2018	65,225	10.0	6,433	19.2	6,781	20.2	4,767	14.7
April – December 31, 2017	59,290	7.4	5,398	19.6	5,641	18.3	4,154	23.4

(Note) Comprehensive income: April – December 31, 2018: ¥4,018 million (-9.0%); April – December 31, 2017: ¥4,415 million (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – December 31, 2018	58.48	58.39
April – December 31, 2017	50.58	50.48

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2018	106,346	80,081	75.1
As of March 31, 2018	103,667	77,510	74.6

(Reference) Equity capital: December 31, 2018: ¥79,905 million; March 31, 2018: ¥77,383 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2018	–	6.00	–	6.00	12.00
March 2019	–	8.00	–		
March 2019 (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, 2019 (April 1, 2018 to March 31, 2019)

(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	4.6	7,700	6.8	8,000	10.0	5,700	4.5	69.85

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

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2018: 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.: | None |
| 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 2018 | 82,623,376 shares |
| | March 2018 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2018 | 1,417,052 shares |
| | March 2018 | 1,022,252 shares |
| 3. Average number of shares during the term: | December 2018 | 81,519,784 shares |
| | December 2017 | 82,141,037 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, 2018

(1) Qualitative Information on Consolidated Results

The global economy experienced moderate economic expansion, particularly in advanced countries, which continued during the nine-month period ended December 31, 2018, although there were uncertainties about the future outlook due principally to the rise of protectionist economic policies and the resultant growing concerns over trade friction. In the United States, employment circumstances continued to improve and consumer spending remained firm, despite the downward trend in exports. European economies showed signs of slowing given the emergence of political instability in certain countries, despite continued strength in domestic demand. In addition, in Asia, although the economies were generally firm, actual signs of a slowing economy were seen in China. The Japanese economy, despite a cautious business outlook, continued to recover slowly because companies recorded solid exports, production activities and capital expenditure, and strong consumer spending also remained firm.

In the Group's business environment, the semiconductor industry remained active and demand in the automotive sector continued to be strong.

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 ¥65,225 million (up 10.0% year on year), consolidated operating profit amounted to ¥6,433 million (up 19.2% year on year), consolidated ordinary profit was ¥6,781 million (up 20.2% year on year), and profit attributable to owners of parent came to ¥4,767 million (up 14.7% year on year) for the nine months under review.

Consolidated operating results by segment are as follows:

1) Electronic Devices segment

In the Electronic Devices segment, overall sales increased from a year ago as a result of continued steady shipments, particularly of automotive input devices, which contributed to income growth.

In the business of input devices, which constitute our core products, shipments of automotive key switches and capacitive touch switches remained strong thanks to growth in demand for these components following an increase in the number of car-mounted electronic switches and automobile models installing the switches. Meanwhile, with respect to slim notebook personal computer touchpads, shipments of new products launched while existing products were ending. As for display-related products, sales of LCD connectors were sluggish, but sales of view control films (VCFs) increased as sales for new optical applications were added. In component-related products, shipments of electronic-part testing connectors grew, reflecting a recovery in demand for components for smartphones.

As a result, segment sales amounted to ¥15,685 million, up 6.6% year on year, and segment operating profit was ¥1,134 million, down 3.6% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, strong shipments of semiconductor-related containers resulted in year-on-year growth of overall sales, which helped increase profit.

Sales of semiconductor-related containers increased significantly, reflecting the continued shipments of products for 300-mm wafer containers and small-diameter wafers, which remained at a high level on the back of robust demand in the semiconductor industry. Sales of components for office automation equipment fell from the level of a year earlier, absent growth in demand for development rollers for laser printers as mainstay products. Sales of carrier tape-related products remained almost unchanged, despite a recovery in demand for electronic components for high-end smartphones. In silicone rubber molded products, shipments of mainstay

products for medical equipment grew steadily, and sales increased.

As a result, segment sales stood at ¥ 28,345 million, up 11.4% year on year, and segment operating profit totaled ¥ 4,503 million, up 17.3% year on year.

3) Housing & Living Materials segment

Overall sales in the Housing & Living Materials segment exceeded the segment sales of a year earlier, contributing to significant earnings growth, thanks to new pricing, efforts to increase production efficiency, and sales promotions for products in new businesses, despite the extremely harsh market environment for PVC products.

In the segment of packing materials such as wrapping films, sales remained at the level of a year earlier, due partially to a lack of progress in price revisions in the food service industry as well as poor shipments overall, although prices for food supermarkets were revised. Shipments of PVC pipes and related products did not expand and sales remained flat, even as prices were revised for some products, amid intensifying market competition. Shipments of functional plastic compounds for robot cables remained at a high level and helped to achieve an increase in sales, despite signs of a slight slowing in demand for automobiles. While the market remained sluggish, sales of exterior materials grew, partly thanks to special procurements, following the expansion of sales to new customers, the revision of prices and the expansion of product lines. Sales of conductive polymer, a new business product, grew significantly for use in electrostatic products and electronic components.

As a result, segment sales come to ¥ 15,402 million, up 9.4% year on year, and segment operating profit totaled ¥534 million, up 115.5% 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. Overall sales in the Others segment increased.

As a result, segment sales amounted to ¥ 5,791 million (up 14.7% year on year) and segment operating profit was ¥260 million (up 93.5% 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, 2019 published on July 24, 2018 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Nine months ended December 31, 2018
Assets		
Current assets		
Cash and deposits	43,107	42,243
Notes and accounts receivable - trade	19,358	22,047
Electronically recorded monetary claims - operating	2,909	3,355
Merchandise and finished goods	6,494	5,873
Work in process	1,341	1,841
Raw materials and supplies	2,759	3,174
Accounts receivable - other	1,677	1,342
Other	514	463
Allowance for doubtful accounts	(350)	(417)
Total current assets	77,813	79,925
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,780	8,407
Machinery, equipment and vehicles, net	4,928	5,533
Land	6,715	6,677
Construction in progress	2,470	1,138
Other, net	1,305	1,531
Total property, plant and equipment	22,200	23,288
Intangible assets		
Software	102	108
Other	72	69
Total intangible assets	174	177
Investments and other assets		
Investment securities	1,221	987
Deferred tax assets	1,267	1,062
Other	989	906
Total investments and other assets	3,478	2,955
Total non-current assets	25,854	26,421
Total assets	103,667	106,346

(Million yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Nine months ended December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,667	13,261
Electronically recorded obligations - operating	1,258	2,248
Short-term loans payable	0	–
Accounts payable - other	3,187	2,372
Income taxes payable	914	1,191
Accrued expenses	2,323	2,711
Provision for bonuses	1,254	921
Provision for directors' bonuses	37	38
Other	1,511	1,778
Total current liabilities	24,155	24,525
Non-current liabilities		
Net defined benefit liability	1,675	1,483
Other	326	256
Total non-current liabilities	2,001	1,740
Total liabilities	26,156	26,265
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	56,403	60,009
Treasury stock	(1,033)	(1,367)
Total shareholders' equity	77,724	80,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	463	306
Foreign currency translation adjustment	(807)	(1,397)
Remeasurements of defined benefit plans, net of tax	2	0
Total accumulated other comprehensive income	(341)	(1,091)
Subscription rights to shares	127	176
Total net assets	77,510	80,081
Total liabilities and net assets	103,667	106,346

(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, 2017 (April 1, 2017 to December 31, 2017)	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)
Net sales	59,290	65,225
Cost of sales	40,795	44,543
Gross profit	18,494	20,682
Selling, general and administrative expenses	13,095	14,248
Operating profit	5,398	6,433
Non-operating income		
Interest income	197	276
Foreign exchange gains	43	56
Other	72	66
Total non-operating income	314	399
Non-operating expenses		
Interest expenses	18	18
Loss on retirement of non-current assets	51	11
Loss on valuation of securities	–	17
Other	1	4
Total non-operating expenses	71	51
Ordinary profit	5,641	6,781
Profit before income taxes	5,641	6,781
Income taxes - current	1,301	1,810
Income taxes - deferred	185	203
Total income taxes	1,486	2,013
Profit	4,154	4,767
Profit attributable to owners of parent	4,154	4,767

Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)
Profit	4,154	4,767
Other comprehensive income		
Valuation difference on available-for-sale securities	101	(157)
Foreign currency translation adjustment	159	(590)
Remeasurements of defined benefit plans	0	(1)
Total other comprehensive income	260	(749)
Comprehensive income	4,415	4,018
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,415	4,018

(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

(Additional Information)

ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (February 16, 2018), among others, were applied from the beginning of the first quarter ended June 30, 2018 and deferred tax assets are presented in the category of investments and other assets while deferred tax liabilities are presented in the category of non-current liabilities.

(Segment Information)

Information on net sales and profits or losses by reported segment

Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	14,709	25,446	14,082	54,239	5,050	59,290
Inter-segment sales or transfers	–	–	–	–	–	–
Total	14,709	25,446	14,082	54,239	5,050	59,290
Segment profit (Operating profit)	1,177	3,838	248	5,264	134	5,398

(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, 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.