



Consolidated Financial Summary (Japanese Accounting Standards)
(For the six months ended September 30, 2018)

October 25, 2018

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: November 9, 2018
 Scheduled date of dividend payout: November 26, 2018
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for analysts)

(Amounts under a million yen are truncated.)

1. Consolidated Financial Highlights for the First Half of the Fiscal Year Ending March 31, 2019
(April 1, 2018 to September 30, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – September 30, 2018	42,306	8.5	3,780	8.9	4,177	14.8	2,980	16.7
April – September 30, 2017	38,991	6.7	3,470	4.3	3,637	25.5	2,553	16.8

(Note) Comprehensive income: September 30, 2018: ¥1,944 million (-9.6%); September 30, 2017: ¥2,150 million (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – September 30, 2018	36.53	36.46
April – September 30, 2017	31.09	31.04

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended September 30, 2018	104,363	79,048	75.6
Year ended March 31, 2018	103,667	77,510	74.6

(Reference) Equity capital: September 30, 2018: ¥78,865 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 six months ended September 30, 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): | September 2018 | 82,623,376 shares |
| | March 2018 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | September 2018 | 987,932 shares |
| | March 2018 | 1,022,252 shares |
| 3. Average number of shares during the term: | September 2018 | 81,606,481 shares |
| | September 2017 | 82,139,495 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 Six-Month Period Ended September 30, 2018

(1) Qualitative Information on Consolidated Results

The global economy experienced a moderate recovery, particularly in developed countries, which continued during the six-month period ended September 30, 2018, although there were uncertainties about the future outlook mainly due to the rise of protectionist economic policies and the resultant concerns over trade friction. In the United States, employment circumstances continued to improve and consumer spending remained firm. European economies expanded with continued strength in domestic demand, despite political instability in some countries. In addition, in Asia, despite concerns over the slowdown of exports in China, the degree of economic stability improved, and ASEAN economies also remained on track for recovery.

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 key products as well as new businesses in Japan and overseas.

As a result, consolidated net sales stood at ¥42,306 million (up 8.5% year on year), consolidated operating profit amounted to ¥3,780 million (up 8.9% year on year), consolidated ordinary profit was ¥4,177 million (up 14.8% year on year), and profit attributable to owners of parent came to ¥2,980 million (up 16.7% year on year) for the six 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 constituting core products, shipments of automotive key switches and capacitive touch switches remained strong thanks to the growth in demand for such components following an increase in the number of car-mounted electronic switches and automobile models installing the switches. Meanwhile, shipments of slim notebook personal computer touchpads were limited to those of existing products due to the postponement of the delivery of new products. As for display-related products, sales of LCD connectors were sluggish, but sales of view control films (VCFs) for new applications were additionally included. 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 ¥10,280 million, up 6.0% year on year, and segment operating profit was ¥696 million, down 18.1% 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 shipments of those for 300-mm wafer containers and small-diameter wafers that remained at a high level on the back of robust demand in the semiconductor industry, as well as the revision of prices. 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 from a year earlier, mainly due to 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 ¥18,452 million, up 10.0% year on year, and segment operating profit totaled ¥ 2,764 million, up 10.2% year on year.

3) Housing & Living Materials segment

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

In the segment of packing materials such as wrapping films, overall shipments did not expand and sales remained flat, due partially to the effects of natural disasters, although prices for food supermarkets were revised. Shipments of PVC pipes and related products did not expand and sales remained flat, despite efforts to revise prices amid intensifying competition. Shipments of plastic compounds for automobiles and robot cables remained at a high level and helped to achieve an increase in sales. While the market remained sluggish, sales of exterior materials grew 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 ¥ 9,790 million, up 7.6% year on year, and segment operating profit totaled ¥189 million, up 134.4% 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 ¥ 3,782 million (up 10.3% year on year) and segment operating profit was ¥129 million (up 336.5% 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)	Six months ended September 30, 2018
Assets		
Current assets		
Cash and deposits	43,107	41,785
Notes and accounts receivable - trade	19,358	21,041
Electronically recorded monetary claims - operating	2,909	2,949
Merchandise and finished goods	6,494	6,107
Work in process	1,341	1,309
Raw materials and supplies	2,759	2,906
Accounts receivable - other	1,677	1,272
Other	514	488
Allowance for doubtful accounts	(350)	(403)
Total current assets	77,813	77,457
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,780	8,483
Machinery, equipment and vehicles, net	4,928	5,661
Land	6,715	6,679
Construction in progress	2,470	1,112
Other, net	1,305	1,469
Total property, plant and equipment	22,200	23,406
Intangible assets		
Software	102	113
Other	72	64
Total intangible assets	174	177
Investments and other assets		
Investment securities	1,221	1,275
Deferred tax assets	1,267	1,130
Other	989	915
Total investments and other assets	3,478	3,321
Total non-current assets	25,854	26,905
Total assets	103,667	104,363

(Million yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Six months ended September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,667	11,928
Electronically recorded obligations - operating	1,258	2,172
Short-term loans payable	0	–
Accounts payable - other	3,187	2,552
Income taxes payable	914	1,154
Accrued expenses	2,323	2,522
Provision for bonuses	1,254	1,405
Provision for directors' bonuses	37	24
Other	1,511	1,819
Total current liabilities	24,155	23,578
Non-current liabilities		
Net defined benefit liability	1,675	1,480
Other	326	256
Total non-current liabilities	2,001	1,736
Total liabilities	26,156	25,315
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	56,403	58,887
Treasury stock	(1,033)	(998)
Total shareholders' equity	77,724	80,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	463	498
Foreign currency translation adjustment	(807)	(1,878)
Remeasurements of defined benefit plans, net of tax	2	0
Total accumulated other comprehensive income	(341)	(1,378)
Subscription rights to shares	127	183
Total net assets	77,510	79,048
Total liabilities and net assets	103,667	104,363

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

Consolidated Statements of Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)
Net sales	38,991	42,306
Cost of sales	26,843	29,289
Gross profit	12,148	13,016
Selling, general and administrative expenses	8,677	9,235
Operating profit	3,470	3,780
Non-operating income		
Interest income	117	163
Foreign exchange gains	60	205
Other	27	47
Total non-operating income	206	416
Non-operating expenses		
Interest expenses	11	11
Loss on retirement of non-current assets	26	6
Other	0	2
Total non-operating expenses	39	20
Ordinary profit	3,637	4,177
Profit before income taxes	3,637	4,177
Income taxes - current	971	1,142
Income taxes - deferred	112	53
Total income taxes	1,084	1,196
Profit	2,553	2,980
Profit attributable to owners of parent	2,553	2,980

Consolidated Statement of Comprehensive Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)
Profit	2,553	2,980
Other comprehensive income		
Valuation difference on available-for-sale securities	44	34
Foreign currency translation adjustment	(447)	(1,070)
Remeasurements of defined benefit plans	0	(1)
Total other comprehensive income	(402)	(1,036)
Comprehensive income	2,150	1,944
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,150	1,944

(3) Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)
Net cash provided by (used in) operating activities		
Profit before income taxes	3,637	4,177
Depreciation and amortization	1,335	1,626
Interest and dividend income	(131)	(180)
Interest expenses	11	11
Foreign exchange losses (gains)	(73)	(106)
Loss on retirement of non-current assets	26	6
Decrease (increase) in notes and accounts receivable-trade	(921)	(2,023)
Decrease (increase) in inventories	(357)	107
Increase (decrease) in notes and accounts payable-trade	1,710	(566)
Increase (decrease) in net defined benefit liability	30	(195)
Decrease (increase) in consumption taxes receivable/payable	(46)	422
Other, net	232	752
Subtotal	5,453	4,031
Interest and dividends income received	132	184
Interest expenses paid	(12)	(11)
Repayment (payment) of corporate taxes	(761)	(976)
Net cash provided by (used in) operating activities	4,812	3,228
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	163	(5)
Purchase of property, plant and equipment	(1,663)	(3,578)
Other, net	(28)	(31)
Net cash provided by (used in) investing activities	(1,528)	(3,614)
Net cash provided by (used in) financing activities		
Cash dividends paid	(491)	(491)
Other, net	14	27
Net cash provided by (used in) financing activities	(477)	(464)
Effect of exchange rate change on cash and cash equivalents	(245)	(454)
Net increase (decrease) in cash and cash equivalents	2,561	(1,304)
Cash and cash equivalents at beginning of period	38,981	41,982
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	350	—
Cash and cash equivalents at end of period	41,894	40,677

(4) 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)

Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	9,698	16,770	9,094	35,563	3,428	38,991
Inter-segment sales or transfers	–	–	–	–	–	–
Total	9,698	16,770	9,094	35,563	3,428	38,991
Segment profit (Operating profit)	851	2,508	80	3,440	29	3,470

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

Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	10,280	18,452	9,790	38,523	3,782	42,306
Inter-segment sales or transfers	–	–	–	–	–	–
Total	10,280	18,452	9,790	38,523	3,782	42,306
Segment profit (Operating profit)	696	2,764	189	3,650	129	3,780

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