



ShinEtsu

Shin-Etsu Polymer Co., Ltd.

Listing code : 7970

2nd Quarter of Financial Year
Ended March 2019

Business Result

Nov 7, 2018

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1. Main Points of Consolidated Performance

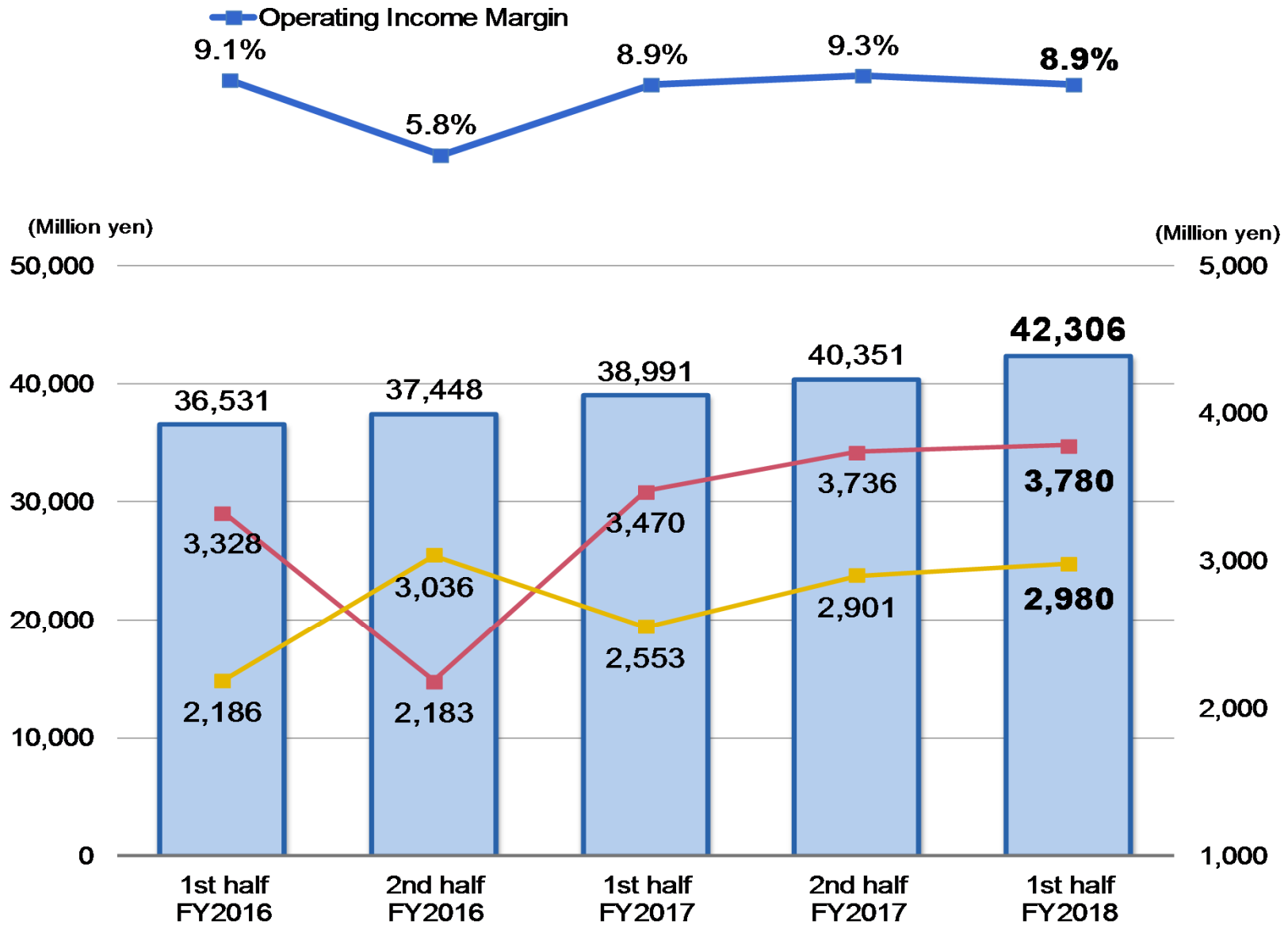
- **Sales benefited from remaining actively in the semiconductor industry and remaining steady demand in the automotive sector.**
 - 1) Sales of automotive input devices increased steadily.
 - 2) Sales of semiconductor-related containers increased strongly and sales of office automation device components did not grow.
 - 3) Sales of new material products increased strongly.

2. Summary of Consolidated Performance

(Million yen)

	1st half FY2017	1st half FY2018	Change	
Net Sales	38,991	42,306	3,315	8.5%
Operating Income	3,470	3,780	310	8.9%
Ordinary Income	3,637	4,177	540	14.8%
Net Income	2,553	2,980	427	16.7%
Net Income per Share (yen)	31.1	36.5	5.4	17.5%
Dividend per Share (yen)	6.0	8.0	2.0	33.3%
Exchange Rate (yen/US dollar)	Jan.-Jun. (Avg.)	112.4	-	-
	Apr.-Sept. (Avg.)	111.1	-	-

3. Changes in Consolidated Financial Results



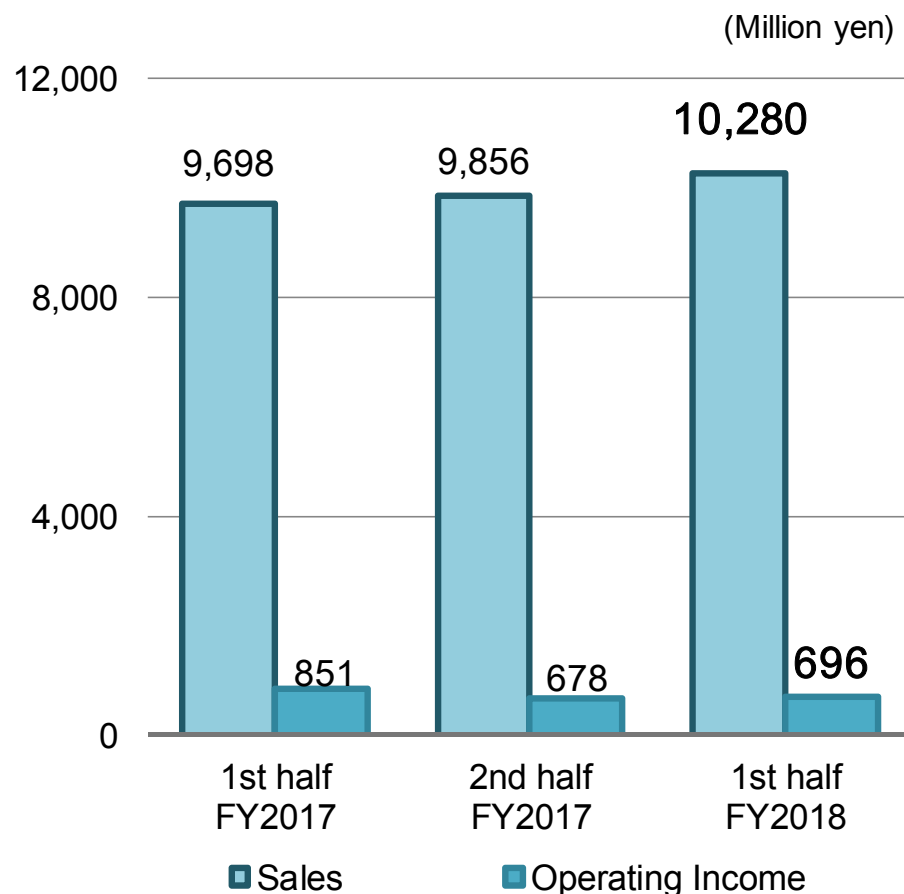
4. Summary of Performance by Business Segment

(Million yen)

	Sales				Operating Income			
	1st half FY2017	1st half FY2018	Change		1st half FY2017	1st half FY2018	Change	
Electronic Devices	9,698	10,280	582	6.0%	851	696	△ 155	△ 18.2%
Precision Molding Products	16,770	18,452	1,682	10.0%	2,508	2,764	256	10.2%
Housing & Living Materials	9,094	9,790	696	7.7%	80	189	109	136.3%
Others	3,428	3,782	354	10.3%	29	129	100	344.8%
Total	38,991	42,306	3,315	8.5%	3,470	3,780	310	8.9%

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 were sluggish. Sales of view control film (VCF) for optical use were newly added.

■ Component-related products

Testing connectors for electronic components of smartphones were recovered.

5. Performance by Business Segment

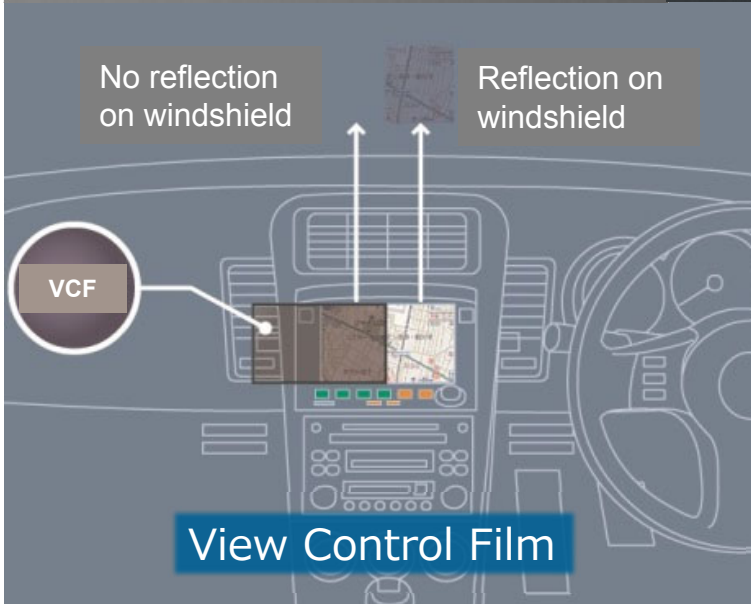
Electronic Devices



Keypad switch (Automotive)



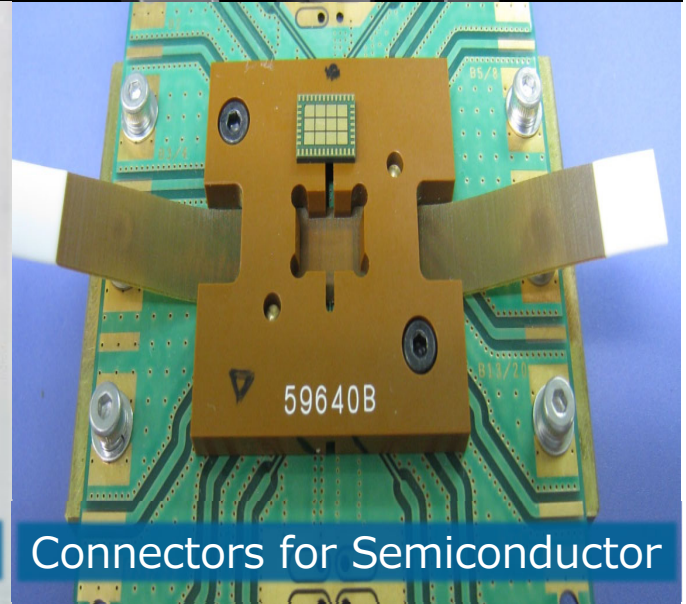
Touch switch (Automotive)



View Control Film



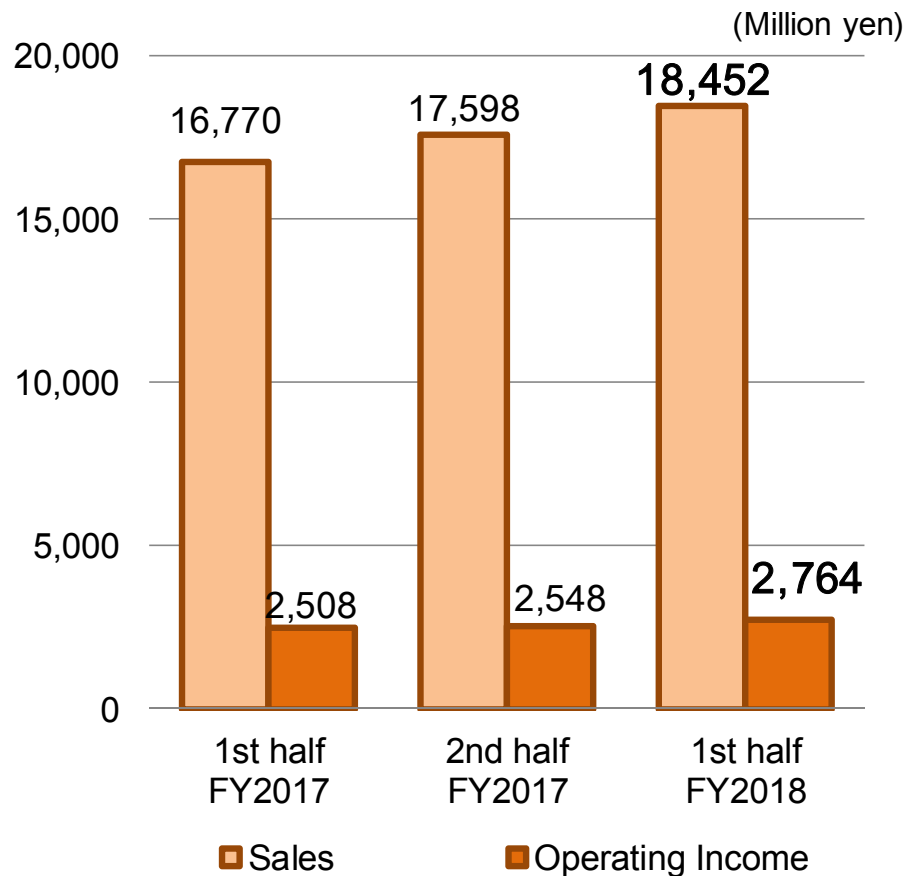
Connectors for LCD



Connectors for Semiconductor

5. Performance by Business Segment

Precision Molding Products



■ Semiconductor-related containers

Both 300 mm wafer containers and those for small-diameter wafers rose, especially FOUP significantly.

■ OA device components

Sales for development rollers were flat.

■ Carrier tapes

Shipments for automotive were solid and sales of micro components for smartphones were recovered.

■ 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

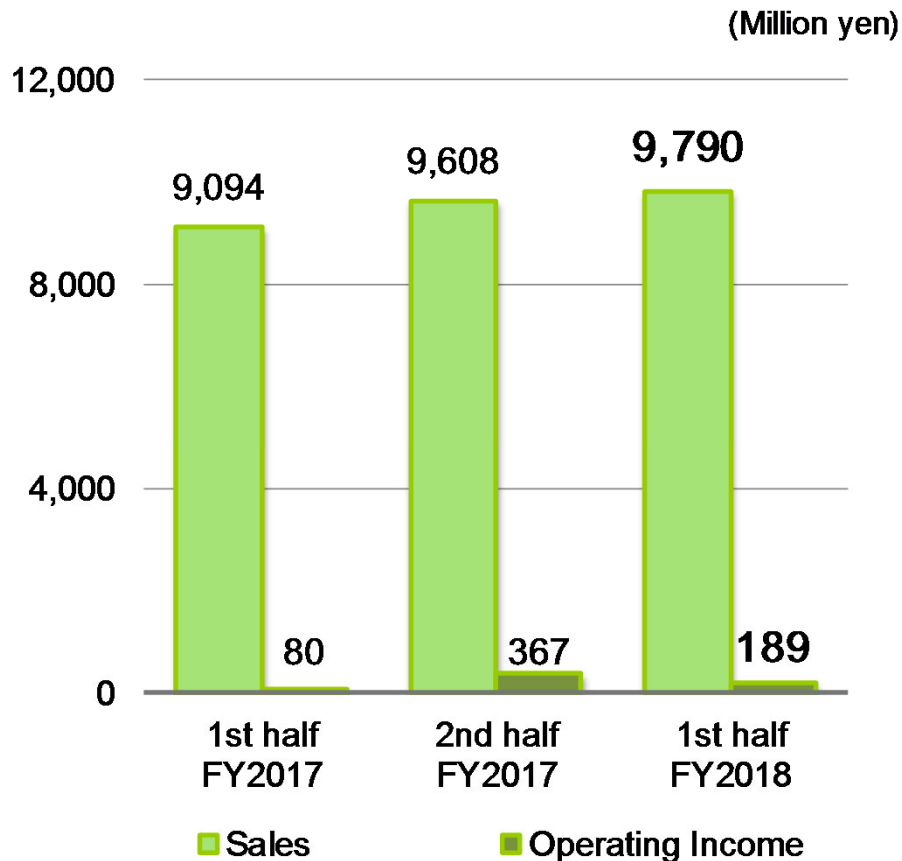


Medical equipment (Catheter)



5. Performance by Business Segment

Housing & Living Materials



■ Wrapping films

Sales for food supermarkets and food services struggled to grow even some price revisions.

■ PVC pipes and related products

Sales were flat and incomes were decreased.

■ Functional compounds

Sales for automobiles and robot cables increased steadily.

■ Material products

Sales of conductive polymers grew significantly for use in electronic components.

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	43,107	41,785	△ 1,322
	Notes and accounts receivable—trade	19,358	21,041	1,683
	Inventory assets	10,595	10,323	△ 272
	Other	4,751	4,306	△ 445
	Total	77,813	77,457	△ 356
Noncurrent Assets	Property, plant and equipment	22,200	23,406	1,206
	Intangible assets	174	177	3
	Other	3,478	3,321	△ 157
	Total	25,854	26,905	1,051
Total assets	103,667	104,363	696	
Current Liabilities	Notes and accounts payable—trade	13,667	11,928	△ 1,739
	Short-term loans payable	0	0	0
	Other	10,487	11,650	1,163
	Total	24,155	23,578	△ 577
Noncurrent Liabilities	Long-term loans payable	0	0	0
	Net defined benefit liability	1,675	1,480	△ 195
	Other	326	256	△ 70
	Total	2,001	1,736	△ 265
Total liabilities	26,156	25,315	△ 841	
Total net assets	77,510	79,048	1,538	
Total liabilities and net assets	103,667	104,363	696	

6. Financial Statements

Comparative Statement of Income

(Million yen)

	1st half FY2017	1st half FY2018	Change	
Net sales	38,991	42,306	3,315	8.5%
Cost of sales	26,843	29,289	2,446	9.1%
Selling, general and administrative expenses	8,677	9,235	558	6.4%
Operating income	3,470	3,780	310	8.9%
Non-operating income	206	416	210	101.9%
Non-operating expenses	39	20	△ 19	△48.7%
Ordinary income	3,637	4,177	540	14.8%
Extraordinary income	0	0	0	-
Extraordinary loss	0	0	0	-
Income before income taxes and minority interests	3,637	4,177	540	14.8%
Income taxes—current	971	1,142	171	17.6%
Income taxes—deferred	112	53	△ 59	△52.7%
Net income	2,553	2,980	427	16.7%

6. Financial Statements

Cash Flow Statement

(Million yen)

	1st half FY2017	1st half FY2018
Cash flow provided by (used in) operating activities	4,812	3,228
Net cash provided by (used in) investing activities	△ 1,528	△ 3,614
Net cash provided by (used in) financing activities	△ 477	△ 464
Cash and cash equivalents at end of period	41,894	40,677

7. Performance Forecast

(Million yen)

	FY2017	FY2018 (Forecast)	Change	
Net Sales	79,343	83,000	3,657	4.6%
Operating Income	7,206	7,700	494	6.9%
Ordinary Income	7,274	8,000	726	10.0%
Current Net Income	5,455	5,700	245	4.5%
Current Net Income per Share (yen)	66.5	69.9	3.4	5.1%
Annual Dividend per Share (yen)	12.0	16.0	4.0	33.3%

8. Performance Forecast by Business Segment

(Million yen)

Sales				
	FY2017	FY2018 (Forecast)	Change	
Electronic Devices	19,554	20,500	946	4.8%
Precision Molding Products	34,369	35,500	1,131	3.3%
Housing & Living Materials	18,703	19,500	797	4.3%
Others	6,715	7,500	785	11.7%
Total	79,343	83,000	3,657	4.6%

Operating Income				
	FY2017	FY2018 (Forecast)	Change	
Electronic Devices	1,529	1,600	71	4.6%
Precision Molding Products	5,057	5,300	243	4.8%
Housing & Living Materials	448	500	52	11.6%
Others	171	300	129	75.4%
Total	7,206	7,700	494	6.9%

9. Capital Expenditure, Depreciation, Research & Development

	FY2015	FY2016	FY2017	(Million yen) FY2018 (Forecast)
Capital Expenditure	4,424	3,721	5,420	5,500
Depreciation	3,315	2,872	3,011	3,200
R&D Costs	3,609	3,572	3,382	4,000

CAPEX Topics:

- ◆ Expansion of Itoigawa Factory:
Completion ceremony was held last July. Operation will be started coming December.
- ◆ Expansion of Shin-Etsu Polymer India:
Machine capability for Key switches will be increased approx. 20% coming December.



Company Overview

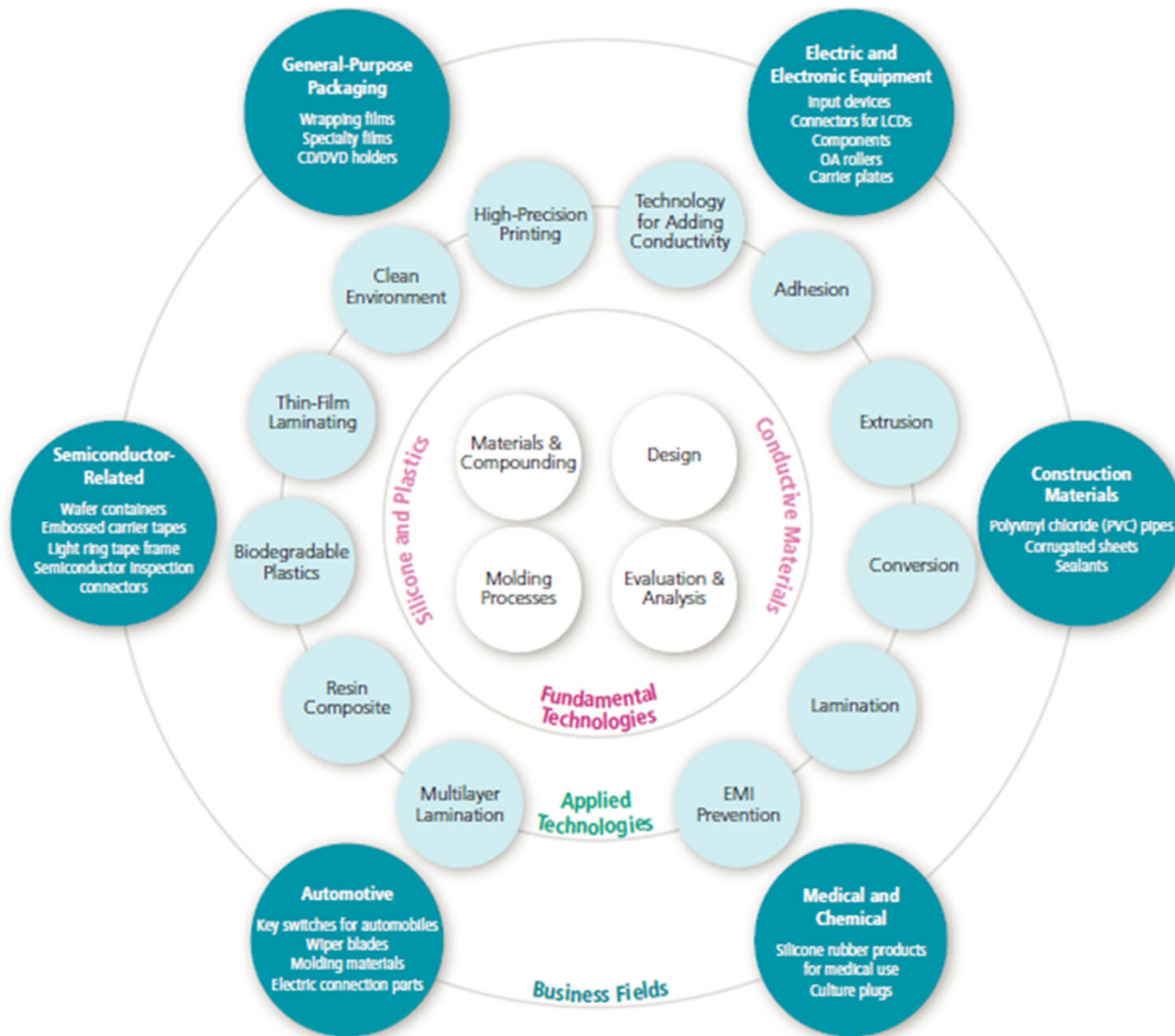
Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications for our fundamental technologies using silicone and various plastics involving materials and compounding, design, molding processes, and evaluation and analysis.

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	4,549 (consolidated), 1,043 (non-consolidated) (As of September 30, 2018)

Company Overview

Technological Development



Company Overview

Main Products

We develop products in a wide array of fields utilizing our technological strengths as a manufacturer of molded plastic products.

Electronic Devices

- Input devices
- Display-related products
- Component-related products



Precision Molding Products

- Semiconductor-related containers
- Office automation device components
- Carrier tapes
- Silicon rubber molded products



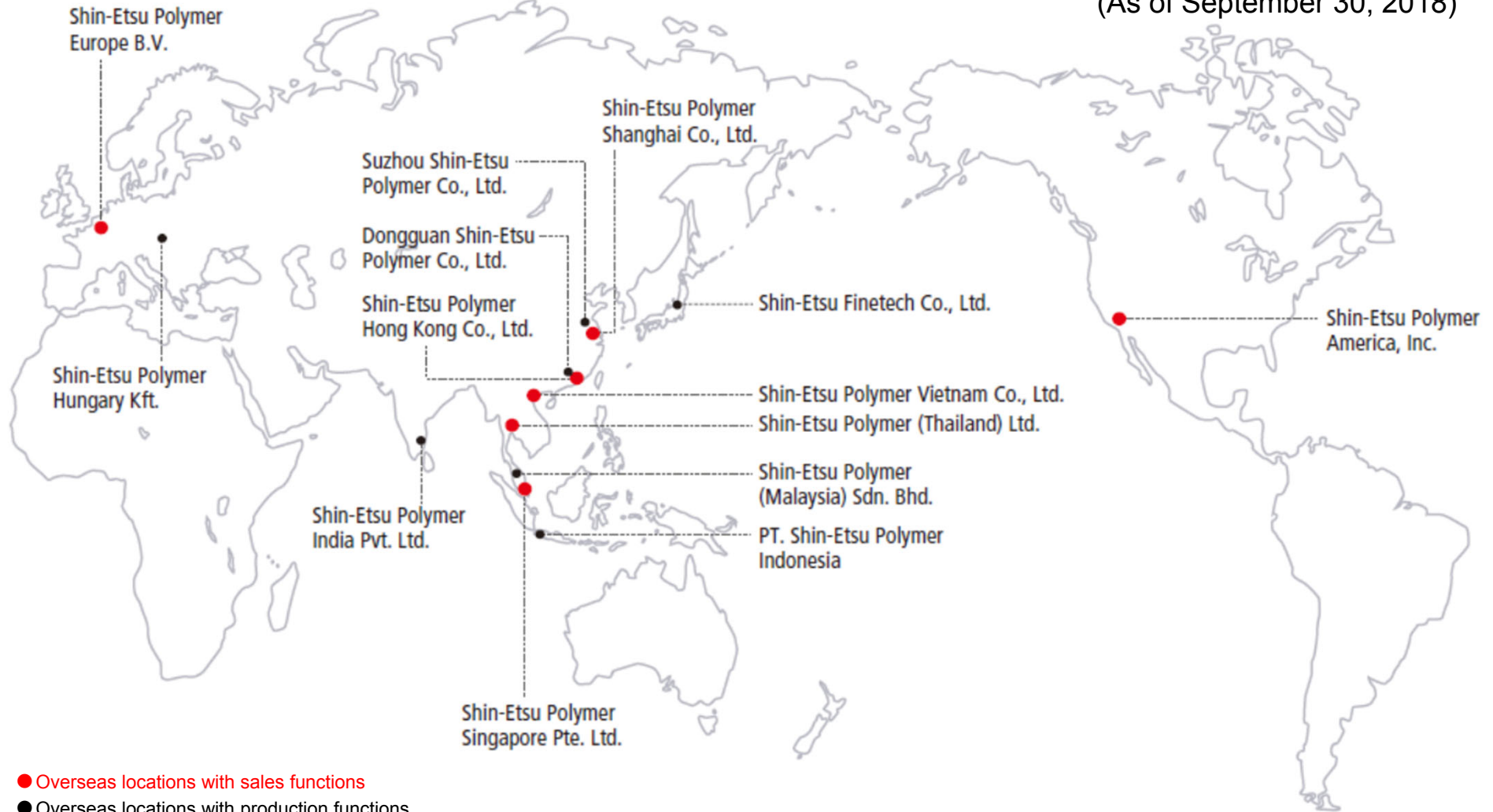
Housing and Living Materials

- Wrapping films
- PVC pipes and related products
- Functional compounds
- Plastic sheet related products



Ability to Meet Global Needs

(As of September 30, 2018)





Reference Materials

Reference Materials

Financial Summary

(Million yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Net sales	67,332	71,707	75,039	73,979	79,343
Operating income	1,314	2,231	4,101	5,511	7,206
Ordinary income	1,662	2,865	4,532	5,934	7,274
Current net income	720	1,777	3,151	4,230	5,455
Total assets	88,644	93,889	92,845	96,061	103,667
Net assets	68,088	72,250	71,253	72,890	77,510
Equity ratio	75.7%	76.0%	76.7%	75.8%	74.6%
Current net income per share(yen)	8.86	21.85	38.55	51.60	66.48
Annual dividend per share(yen)	9.00	9.00	9.00	12.00	12.00
Operating margin	2.0%	3.1%	5.5%	7.5%	9.1%
ROE - Return (Net income) on equity	1.1%	2.6%	4.4%	5.9%	7.3%
ROA - Return (Ordinary income) on assets	2.2%	3.1%	4.9%	6.3%	7.3%
Number of employees	3,628	3,962	3,942	4,144	4,407

Reference Materials

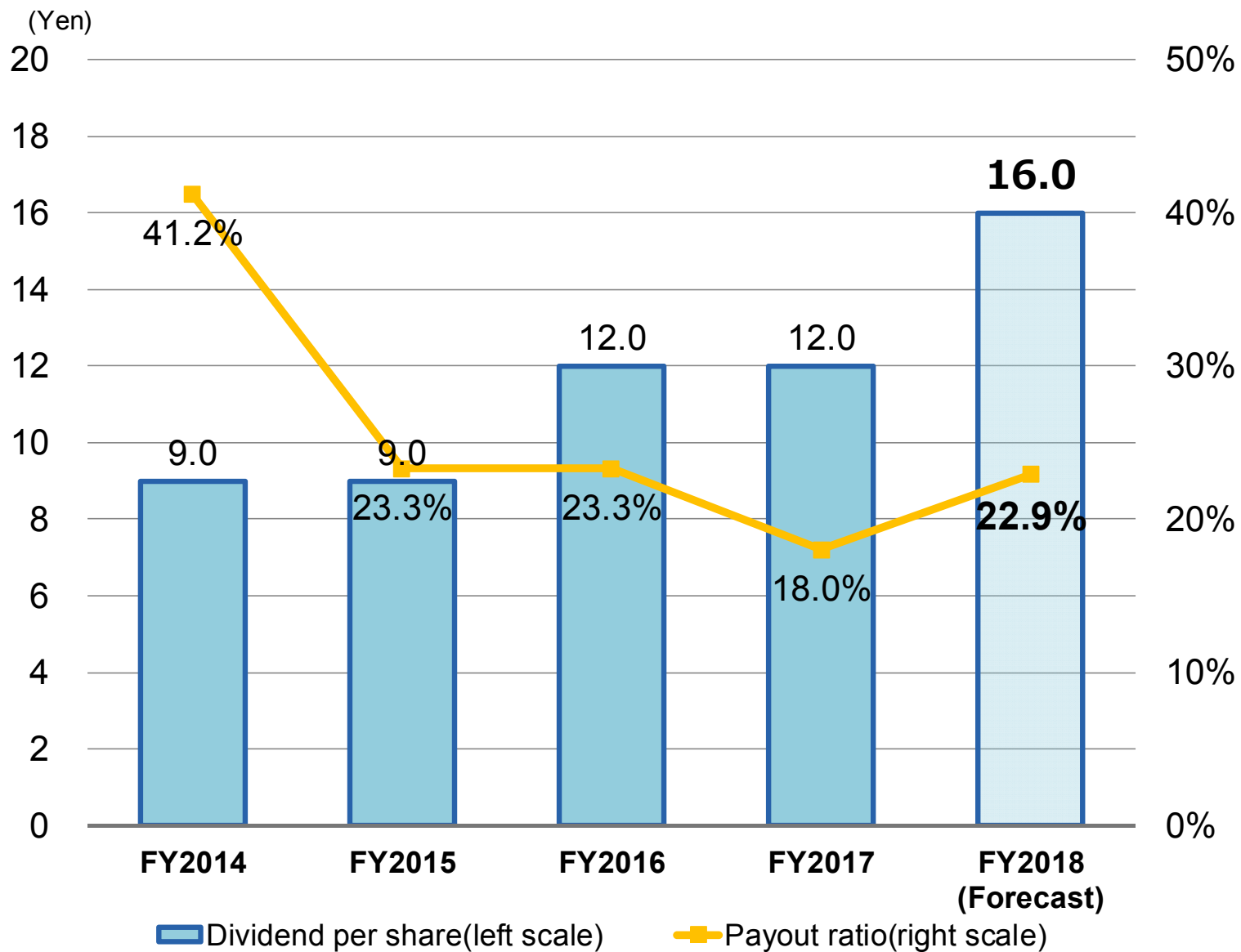
Quarterly Changes by Business Segment

(Million yen)

		FY2017						FY2018		
		1Q	2Q	1st half	3Q	4Q	2nd half	1Q	2Q	1st half
Electronic Devices	Net Sales	4,821	4,876	9,698	5,011	4,844	9,856	4,968	5,311	10,280
	Operating Income	397	453	851	325	352	678	316	380	696
Precision Molding Products	Net Sales	8,093	8,677	16,770	8,675	8,923	17,598	9,070	9,382	18,452
	Operating Income	1,180	1,328	2,508	1,330	1,218	2,548	1,338	1,425	2,764
Housing & Living Materials	Net Sales	4,387	4,707	9,094	4,988	4,620	9,608	4,954	4,835	9,790
	Operating Income	36	44	80	167	200	367	90	99	189
Others	Net Sales	1,681	1,746	3,428	1,622	1,664	3,287	1,703	2,078	3,782
	Operating Income	68	△ 38	29	104	36	141	68	61	129
Total	Net Sales	18,983	20,008	38,991	20,298	20,053	40,351	20,697	21,608	42,306
	Operating Income	1,682	1,787	3,470	1,928	1,807	3,736	1,813	1,966	3,780

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.