



**Consolidated Financial Summary (Japanese Accounting Standards)  
(For the first quarter ended June 30, 2018)**

July 24, 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  
 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 10, 2018

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, 2019  
(April 1, 2018 to June 30, 2018)**

(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, 2018	20,697	9.0	1,813	7.8	2,025	9.8	1,438	14.6
April – June 30, 2017	18,983	5.8	1,682	2.3	1,845	54.2	1,254	51.6

(Note) Comprehensive income (loss): June 30, 2018: ¥106 million (-69.8%); June 30, 2017: ¥353 million (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – June 30, 2018	17.62	17.58
April – June 30, 2017	15.27	15.26

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended June 30, 2018	102,220	77,127	75.3
Year ended March 31, 2018	103,667	77,510	74.6

(Reference) Equity capital: June 30, 2018: ¥76,999 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	—				
March 2019 (forecast)		8.00	—	8.00	16.00

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

**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: Yes

\* Notes

- (1) Any changes in important subsidiaries during the three months ended June 30, 2018 (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.: | 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): | June 2018  | 82,623,376 shares |
|                                                                            | March 2018 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end:                           | June 2018  | 1,022,662 shares  |
|                                                                            | March 2018 | 1,022,252 shares  |
| 3. Average number of shares during the term:                               | June 2018  | 81,600,782 shares |
|                                                                            | June 2017  | 82,129,784 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, 2018

### (1) Qualitative Information on the Consolidated Results

The global economy experienced a moderate recovery, particularly in developed countries, which continued during the first three months of the fiscal year ending March 31, 2019. In the U.S. economy, despite the uncertainty due to the protectionist trade policies of the current administration, corporate performance was strong, employment circumstances improved, and consumer spending remained robust. European economies expanded with continued strength in domestic demand, thanks in part to a monetary easing policy, despite the political instability in some countries. In addition, in Asia, the degree of economic stability increased in China, although it was feared that exports might slow. Meanwhile, in ASEAN countries, the economy continued to recover.

The Japanese economy continued to recover slowly through the largely stable depreciation of the yen against the dollar, with solid exports, production activities, capital expenditure and consumer spending.

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 during the first quarter under review stood at ¥20,697 million (up 9.0% year on year). Operating profit amounted to ¥1,813 million (up 7.8% year on year), ordinary profit was ¥2,025 million (up 9.8% year on year), and profit attributable to owners of parent stood at ¥1,438 million (up 14.6% year on year).

Consolidated 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 significant income growth.

In the business of input devices constituting core products, shipments of automotive key switches and capacitive touch switches remained steady 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 did not recover, despite orders for new models which were not shipped. As for display-related products, sales of LCD connectors and view control films (VCFs) were weak. In the business of component-related products, shipments of electronic-part testing connectors increased due to a recovery in demand for smartphone components, and sales of products for other components were also strong.

As a result, segment sales amounted to ¥4,968 million, up 3.1% year on year, and segment operating profit was ¥316 million, down 20.4% 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 in overall sales, which helped profits increase.

Sales of semiconductor-related containers rose significantly, buoyed by high-level shipments not only of core products such as 300-mm wafer containers but also those for small-diameter wafers, reflecting growing demand in the semiconductor industry and a price change. 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 largely unchanged, despite signs of a recovery in demand for electronic components for high-class 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 ¥9,070 million (up 12.1% year on year) and operating profit was ¥1,338 million (up 13.4% 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, despite temporary demand from certain food supermarkets before price revisions, shipments to the food service industry stalled, with sales remaining at the same level as a year earlier. Sales of PVC pipes and related products were maintained, amid intense competition, after the segment secured sufficient orders while implementing price revisions. Shipments of plastic compounds for automobiles and factory automation 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 sales expansion of new customers 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 stood at ¥4,954 million (up 12.9% year on year) and segment operating profit was ¥90 million (up 146.7% year on year).

### 4) Others segment

Overall sales in the Others segment increased year on year due to orders such as 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 ¥1,703 million (up 1.3% year on year) and operating profit was ¥68 million (up 0.1% 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 due to the protectionist policies of the United States, political and financial instability in Europe, and concerns about an economic slowdown in China, despite signs of recovery in some emerging economies. Meanwhile, there is concern that the Japanese economy will be affected by weak consumer spending due to the stagnant growth of real wages and the downturn of overseas economies, although corporate capital spending is likely to remain solid.

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

The consolidated results for the fiscal year under review are expected to include sales of ¥83,000 million, operating profit of ¥7,700 million, ordinary profit of ¥8,000 million, and profit attributable to owners of parent of ¥5,700 million.

In addition, with respect to forecasts of dividends, the annual dividend per share is increased ¥4 from the previous period to ¥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, 2018	First quarter ended June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	43,107	41,503
Notes and accounts receivable - trade	19,358	19,690
Merchandise and finished goods	2,909	3,055
Electronically recorded monetary claims - operating	6,494	6,287
Work in process	1,341	1,387
Raw materials and supplies	2,759	2,801
Accounts receivable - other	1,677	1,162
Other	514	716
Allowance for doubtful accounts	(350)	(409)
Total current assets	77,813	76,195
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,780	6,591
Machinery, equipment and vehicles, net	4,928	4,935
Land	6,715	6,685
Construction in progress	2,470	3,070
Other, net	1,305	1,343
Total property, plant and equipment	22,200	22,626
Intangible assets		
Software	102	120
Other	72	65
Total intangible assets	174	185
Investments and other assets		
Investment securities	1,221	1,214
Deferred tax assets	1,267	1,052
Other	989	944
Total investments and other assets	3,478	3,212
Total non-current assets	25,854	26,024
Total assets	103,667	102,220

## Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the first quarter ended June 30, 2018)

(Million yen)

	Year ended March 31, 2018	First quarter ended June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,667	12,351
Electronically recorded obligations - operating	1,258	2,374
Short-term loans payable	0	–
Accounts payable - other	3,187	3,099
Income taxes payable	914	541
Accrued expenses	2,323	2,651
Provision for bonuses	1,254	792
Provision for directors' bonuses	37	14
Other	1,511	1,531
Total current liabilities	24,155	23,357
Non-current liabilities		
Net defined benefit liability	1,675	1,478
Other	326	257
Total non-current liabilities	2,001	1,735
Total liabilities	26,156	25,092
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	56,403	57,352
Treasury stock	(1,033)	(1,034)
Total shareholders' equity	77,724	78,673
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	463	457
Foreign currency translation adjustment	(807)	(2,132)
Remeasurements of defined benefit plans, net of tax	2	1
Total accumulated other comprehensive income	(341)	(1,673)
Subscription rights to shares	127	127
Total net assets	77,510	77,127
Total liabilities and net assets	103,667	102,220

## (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, 2017 (April 1, 2017 to June 30, 2017)	First quarter ended June 30, 2018 (April 1, 2018 to June 30, 2018)
Net sales	18,983	20,697
Cost of sales	13,137	14,279
Gross profit	5,846	6,418
Selling, general and administrative expenses	4,163	4,604
Operating profit	1,682	1,813
Non-operating income		
Interest income	58	96
Foreign exchange gains	87	97
Other	45	29
Total non-operating income	191	223
Non-operating expenses		
Interest expenses	6	5
Loss on retirement of non-current assets	22	3
Other	0	1
Total non-operating expenses	28	11
Ordinary profit	1,845	2,025
Profit before income taxes	1,845	2,025
Income taxes - current	334	436
Income taxes - deferred	255	151
Total income taxes	590	587
Profit	1,254	1,438
Profit attributable to owners of parent	1,254	1,438



## Consolidated Statement of Comprehensive Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2017 (April 1, 2017 to June 30, 2017)	First quarter ended June 30, 2018 (April 1, 2018 to June 30, 2018)
Profit	1,254	1,438
Other comprehensive income		
Valuation difference on available-for-sale securities	38	(6)
Foreign currency translation adjustment	(939)	(1,324)
Remeasurements of defined benefit plans, net of tax	0	(0)
Total other comprehensive income	(900)	(1,331)
Comprehensive income	353	106
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	353	106

(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

Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	4,821	8,093	4,387	17,302	1,681	18,983
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,821	8,093	4,387	17,302	1,681	18,983
Segment profit (Operating profit)	397	1,180	36	1,614	68	1,682

(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, 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.