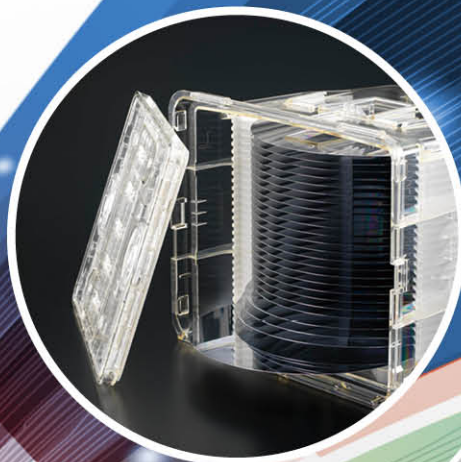


Shin-Etsu

Shin-Etsu Polymer Co., Ltd.

Listing code : 7970



Financial Year
Ended March 2018

Business Result

May 9, 2018

Contents

- 1. Main Points of Consolidated Performance**
- 2. Summary of Consolidated Performance**
- 3. Changes in Consolidated Financial Results**
- 4. Summary of Performance by Business Segment**
- 5. Performance by Business Segment**
 - Electronic Devices
 - Precision Molding Products
 - Housing & Living Materials
- 6. Financial Statements**
 - Comparative Balance Sheet
 - Comparative Statement of Income
 - Cash Flow Statement
- 7. Capital Expenditure, Depreciation, Research & Development**

Company Overview

- Profile
- Technological Development
- Main Products
- Global Network

Reference Materials

- Financial Summary
- Quarterly Changes by Business Segment
- Net Sales for Overseas
- Forward-Looking Statements

1. Main Points of Consolidated Performance

- **Sales benefited from increased activity in the semiconductor industry and remaining steady demand in automobile industry.**
 - 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.

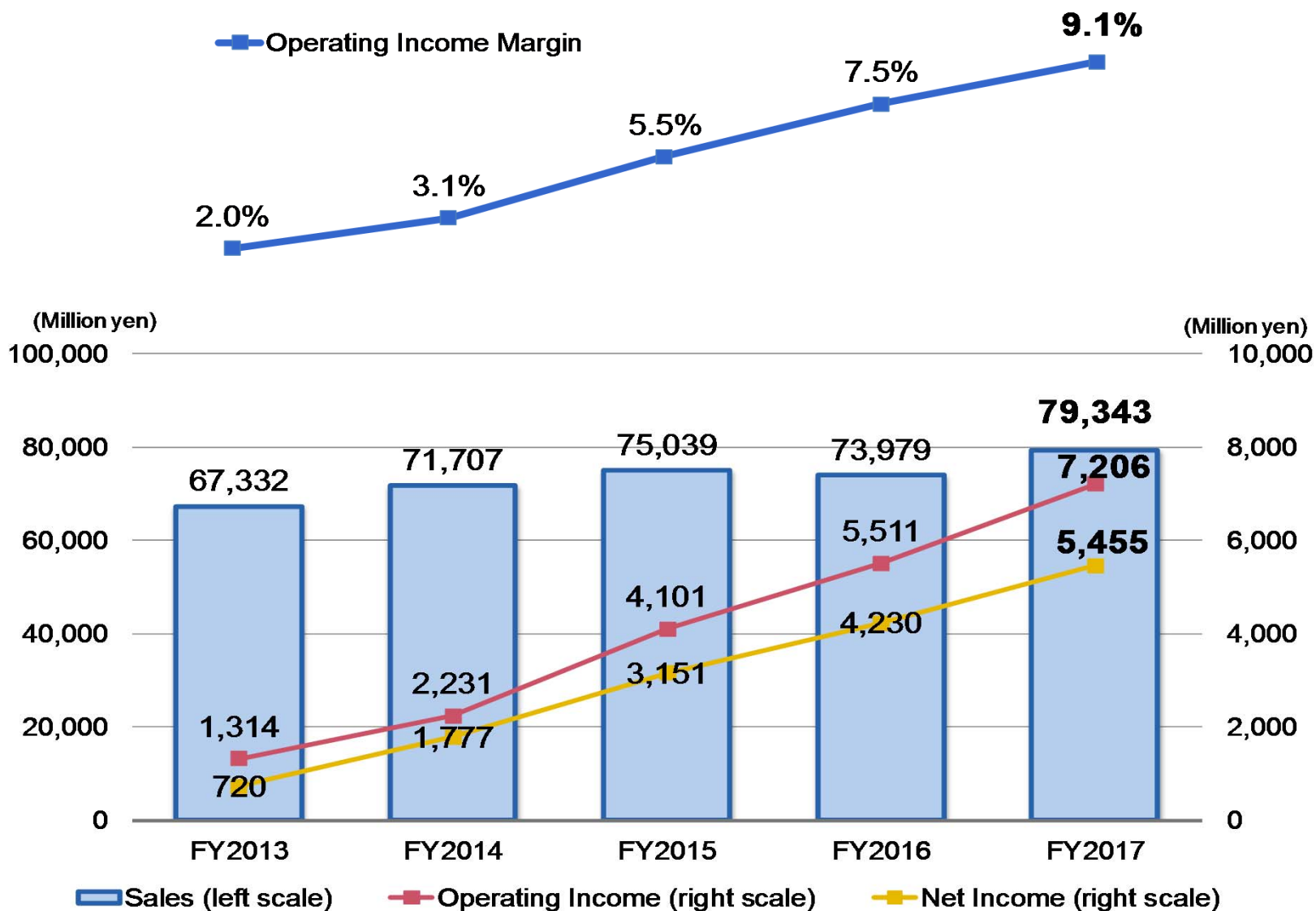
2. Summary of Consolidated Performance

(Million yen)

	FY2016	FY2017	Change		
Net Sales	73,979	79,343	5,364	7.3%	
Operating Income	5,511	7,206	1,695	30.7%	
Ordinary Income	5,934	7,274	1,340	22.6%	
Net Income	4,230	5,455	1,225	28.9%	
Net Income per Share (yen)	51.60	66.48	14.88	28.8%	
Dividend per Share (yen)	12.0	12.0	0.0	0.0%	
Exchange Rate	Jan.-Dec.(Ave)	109	112	3	3.1%
(yen/US dollar)	Apr.-Mar.(Ave)	108	111	2	2.3%

Notes: Average exchange rates for January-December are used when converting the income statements of overseas subsidiaries into yen.

3. Changes in Consolidated Financial Results



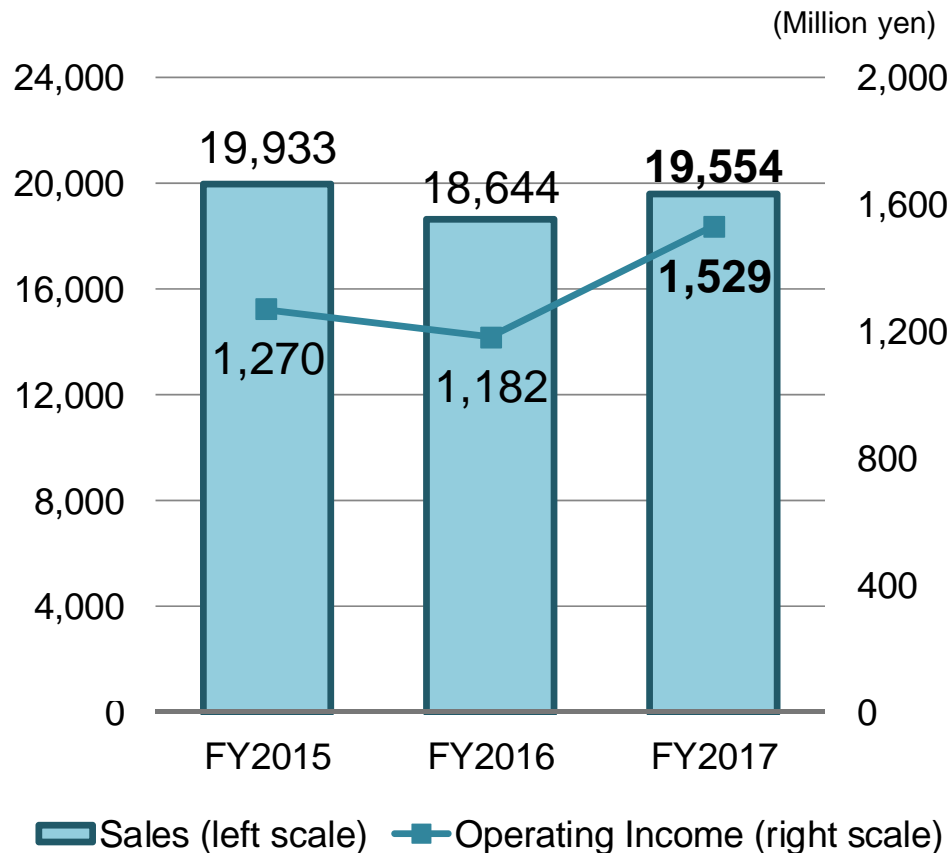
4. Summary of Performance by Business Segment

(Million yen)

	Sales				Operating Income			
	FY2016	FY2017	Change		FY2016	FY2017	Change	
Electronic Devices	18,644	19,554	910	4.9%	1,182	1,529	347	29.3%
Precision Molding Products	31,074	34,369	3,295	10.6%	4,504	5,057	553	12.3%
Housing & Living Materials	17,269	18,703	1,434	8.3%	△ 116	448	564	-
Others	6,991	6,715	△ 276	△ 3.9%	△ 58	171	229	-
Total	73,979	79,343	5,364	7.3%	5,511	7,206	1,695	30.7%

5. Performance by Business Segment

Electronic Devices



■ Input devices

Sales of automotive key switches were solid. Sales of touch pads for slim notebook PCs remained sluggish.

■ Display-related products

Sales of inter-connectors for LCD connections were recovered.

Sales of view control film (VCF) for automotive were decreased.

■ Component-related products

Testing connectors for electronic components of smartphones were increased.

5. Performance by Business Segment

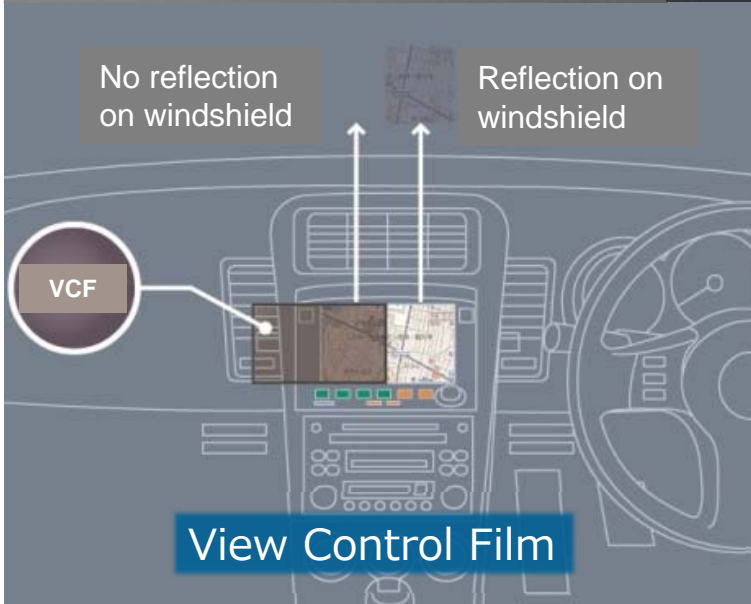
Electronic Devices



Keypad switch (Automotive)



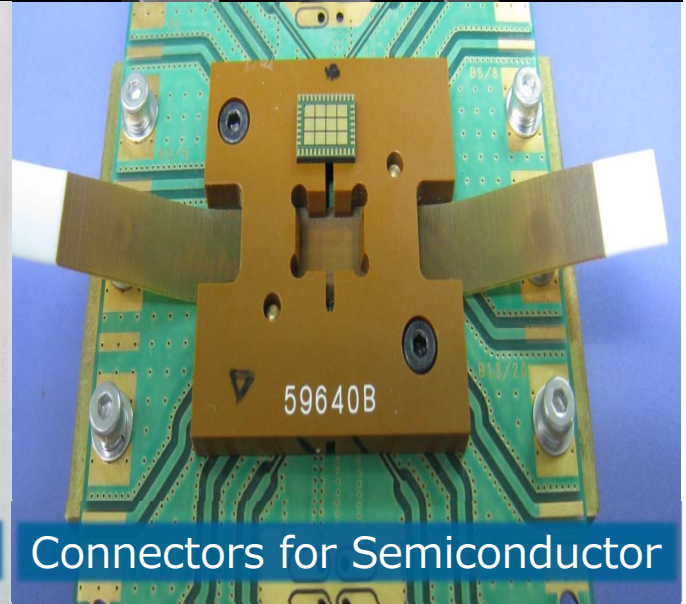
Touch switch (Automotive)



View Control Film



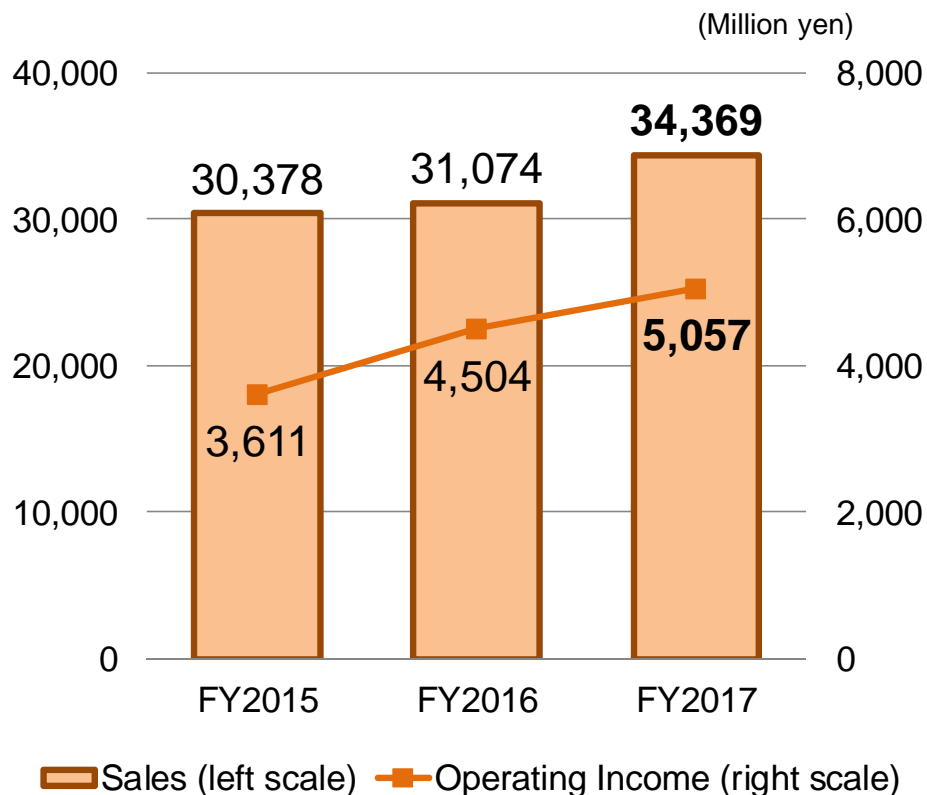
Connectors for LCD



Connectors for Semiconductor

5. Performance by Business Segment

Precision Molding Products



■ Semiconductor-related containers

Sales increased with strong demand in the semiconductor industry. Both 300 mm wafer containers and those for small-diameter wafers rose significantly.

■ OA device components

Recovery of sales for key users slowed down.

■ Carrier tapes

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

■ Silicone rubber molded products

Sales of medical products did not grow.

5. Performance by Business Segment

Precision Molding Products

Silicone wafer container



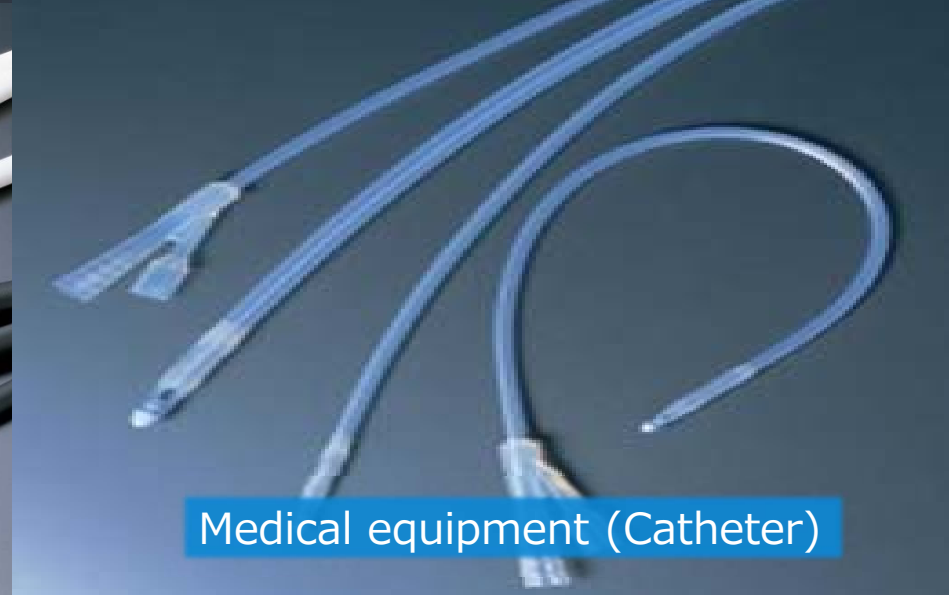
Carrier tapes



Rollers for OA devices

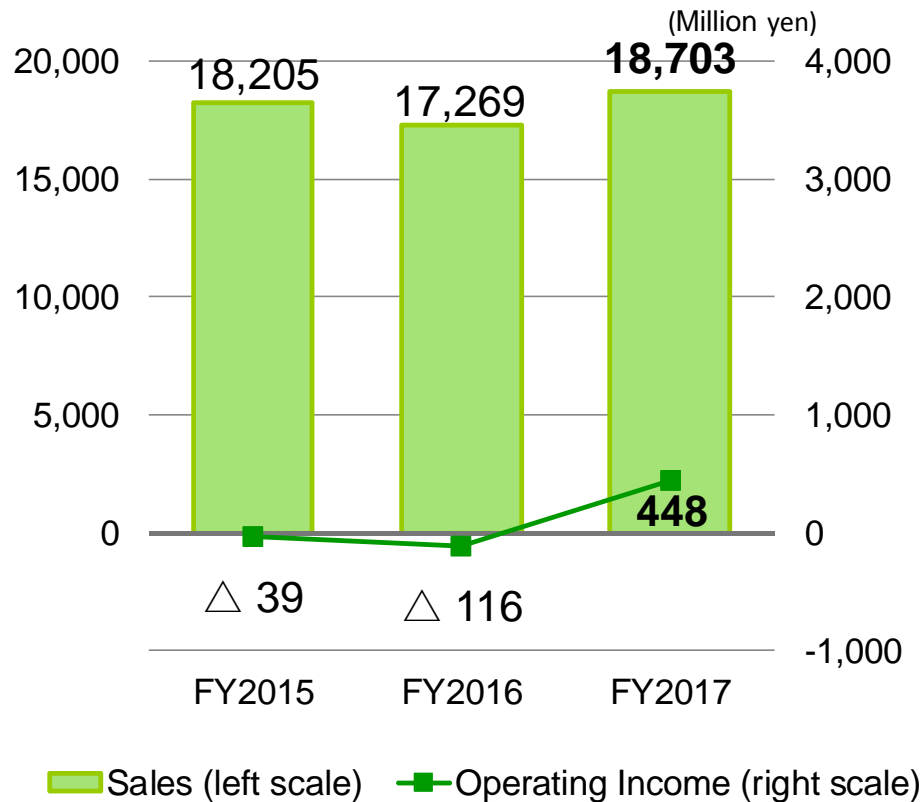


Medical equipment (Catheter)



5. Performance by Business Segment

Housing & Living Materials



■ Wrapping films

Sales for food supermarkets and food services struggled to grow due to difficult price revisions.

■ PVC pipes and related products

Sales were improved but incomes were decreased.

■ Functional compounds

Sales for automobiles and robot cables increased steadily.

■ Material products

Sales of conductive polymers were increasing for antistatic application and others, contributed to improve the segment incomes.

5. Performance by Business Segment

Housing & Living Materials

Wrapping films



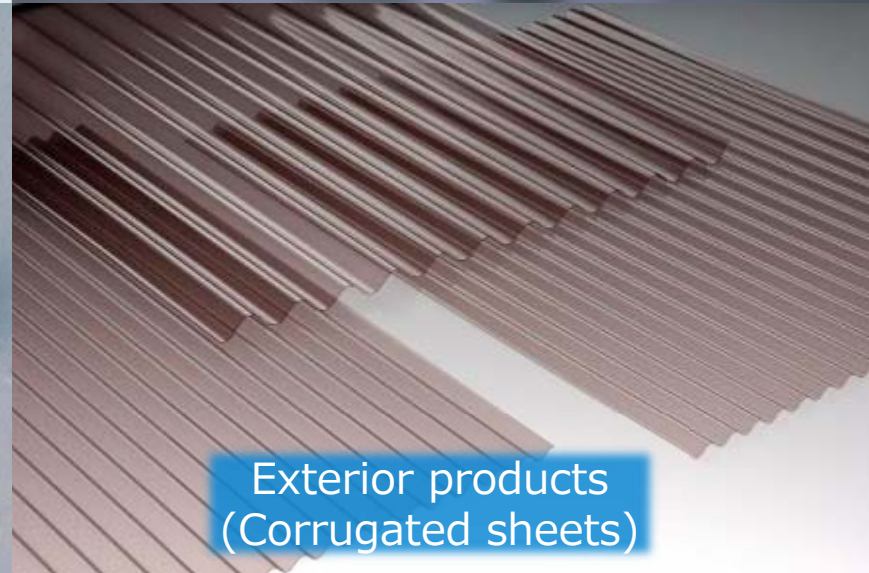
PVC pipes



Functional compounds



Exterior products
(Corrugated sheets)



6. Financial Statements

Comparative Balance Sheet

		(Million yen)		
		FY2016	FY2017	Change
Current Assets	Cash and deposits	40,236	43,107	2,871
	Notes and accounts receivable—trade	18,903	19,358	455
	Inventory assets	9,059	10,595	1,536
	Other	4,979	5,756	777
	Total	73,178	78,817	5,639
Noncurrent Assets	Property, plant and equipment	19,850	22,200	2,350
	Intangible assets	305	174	△ 131
	Other	2,727	2,474	△ 253
	Total	22,882	24,849	1,967
Total assets	96,061	103,667	7,606	
Current Liabilities	Notes and accounts payable—trade	13,080	13,667	587
	Short-term loans payable	0	0	0
	Other	8,547	10,543	1,996
	Total	21,628	24,211	2,583
Noncurrent Liabilities	Long-term loans payable	0	0	0
	Net defined benefit liability	1,231	1,675	444
	Other	310	269	△ 41
	Total	1,542	1,945	403
Total liabilities	23,171	26,156	2,985	
Total net assets	72,890	77,510	4,620	
Total liabilities and net assets	96,061	103,667	7,606	

6. Financial Statements

Comparative Statement of Income

(Million yen)

	FY2016	FY2017	Change	
Net sales	73,979	79,343	5,364	7.3%
Cost of sales	51,287	54,715	3,428	6.7%
Selling, general and administrative expenses	17,180	17,421	241	1.4%
Operating income	5,511	7,206	1,695	30.8%
Non-operating income	478	384	△ 94	△ 19.7%
Non-operating expenses	55	316	261	474.5%
Ordinary income	5,934	7,274	1,340	22.6%
Extraordinary income	0	0	0	-
Extraordinary loss	327	0	△ 327	△ 100.0%
Income before income taxes and minority interests	5,606	7,274	1,668	29.8%
Income taxes—current	1,538	1,610	72	4.7%
Income taxes—deferred	△ 162	208	370	-
Minority interests	0	0	0	-
Net income	4,230	5,455	1,225	29.0%

6. Financial Statements

Cash Flow Statement

		(Million yen)
	FY2016	FY2017
Cash flow provided by (used in) operating activities	7,278	8,447
Net cash provided by (used in) investing activities	△ 1,843	△ 4,437
Net cash provided by (used in) financing activities	△ 789	△ 1,670
Cash and cash equivalents at end of period	38,981	41,982

9. Capital Expenditure, Depreciation, Research & Development

(Million yen)

	FY2014	FY2015	FY2016	FY2017
Capital Expenditure	3,877	4,424	3,721	5,420
Depreciation	3,868	3,315	2,872	3,011
R&D Costs	3,225	3,609	3,572	3,382

CAPEX Topics:

◆ Expansion of Itoigawa Factory:

Completion ceremony will be held coming July. (Operation will be started next January.)

◆ Expansion of Shin-Etsu Polymer India:

Adjoining land of approx. 25,000 sqm has been purchased for future expansion.



Company Overview

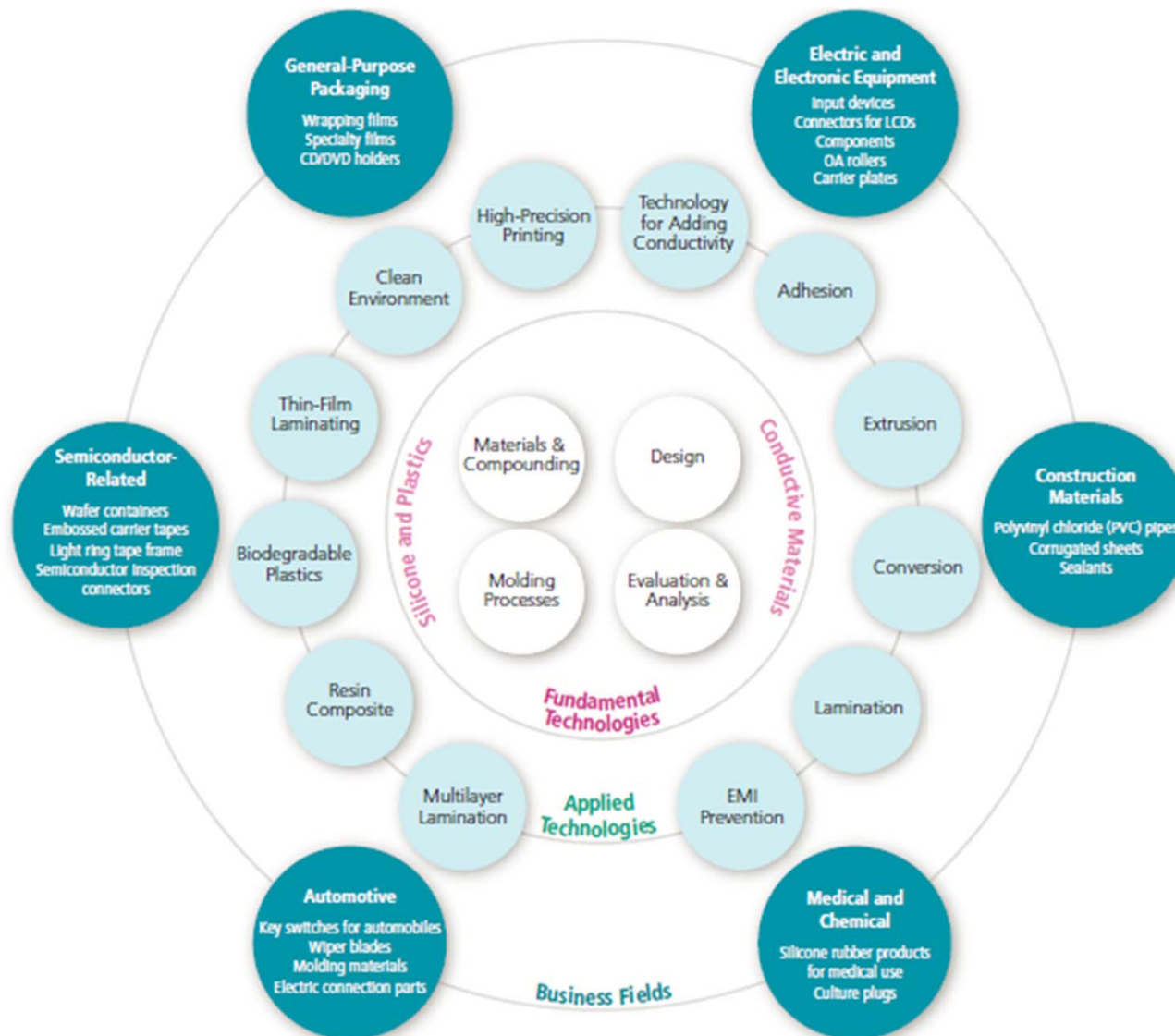
Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications for our fundamental technologies using silicone and various plastics involving materials and compounding, design, molding processes, and evaluation and analysis.

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	4,407 (consolidated), 1,019 (non-consolidated) (As of March 31, 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



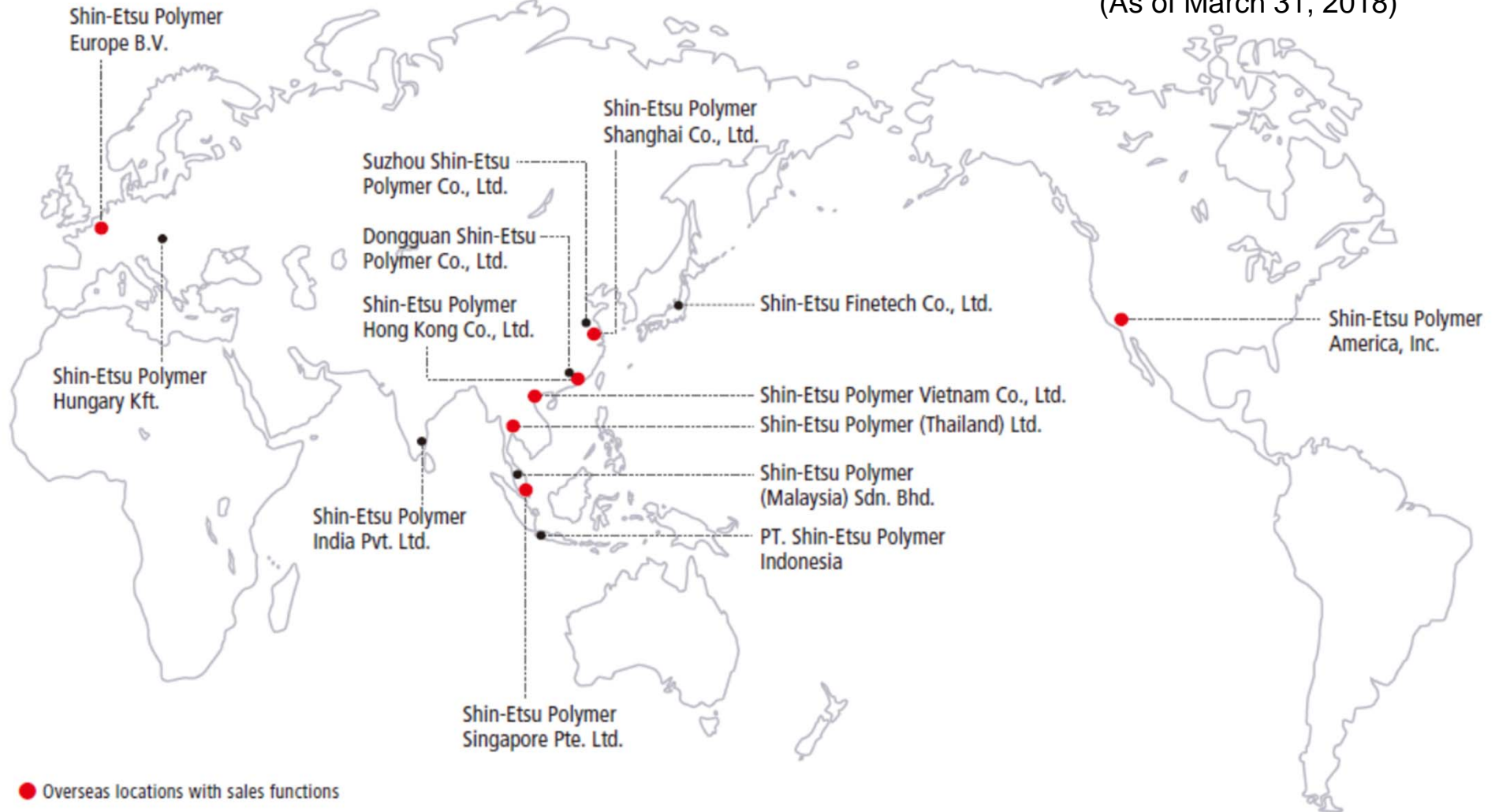
Housing and Living Materials

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



Ability to Meet Global Needs

(As of March 31, 2018)





Reference Materials

Reference Materials

Financial Summary

	FY2013	FY2014	FY2015	FY2016	(Million yen) 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)	2.0%	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

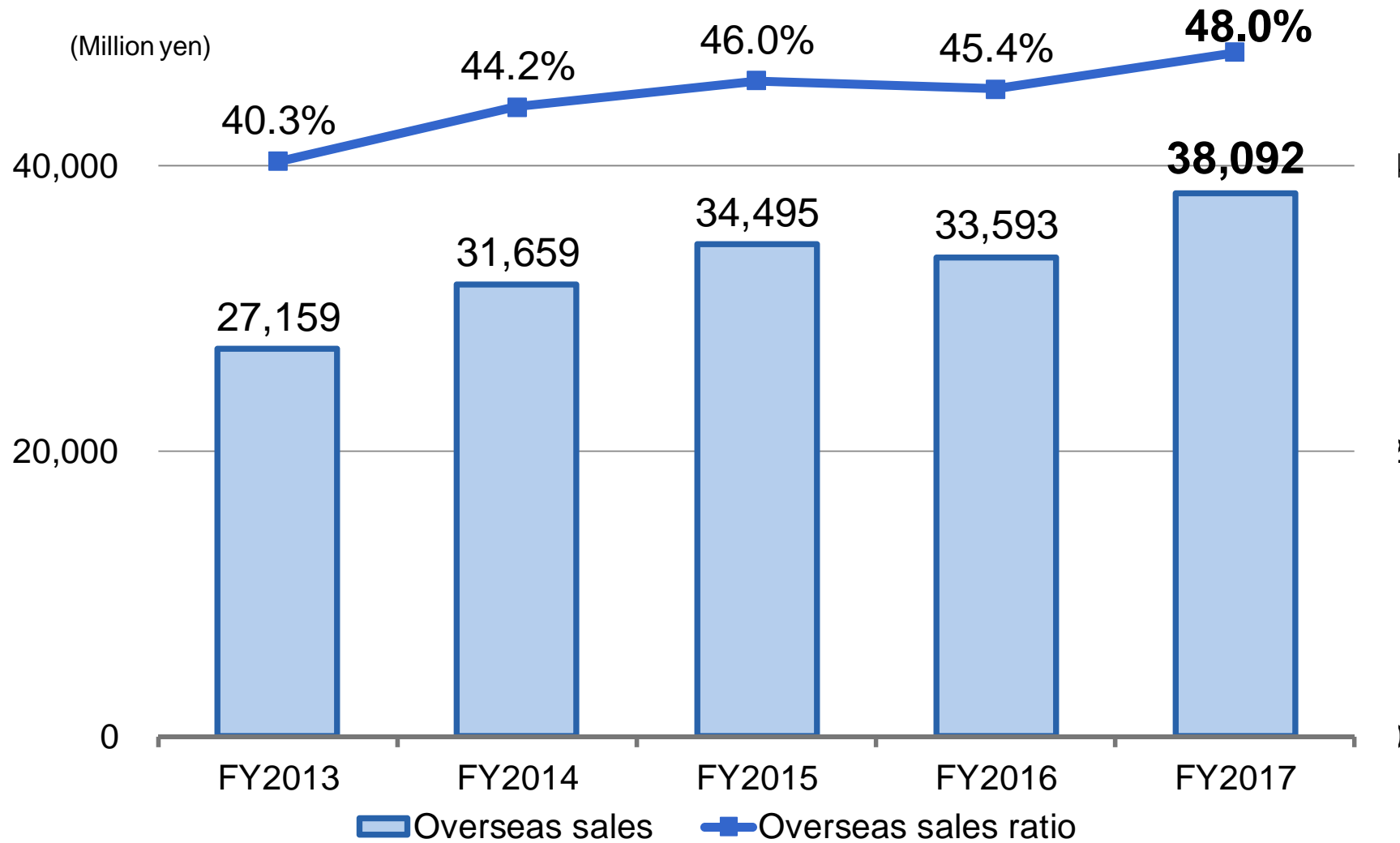
(Million yen)

		FY2016						FY2017					
		1Q	2Q	1st half	3Q	4Q	2nd half	1Q	2Q	1st half	3Q	4Q	2nd half
Electronic Devices	Net Sales	4,572	4,796	9,369	4,624	4,650	9,274	4,821	4,876	9,698	5,011	4,844	9,856
	Operating Income	248	549	798	△ 18	403	384	397	453	851	325	352	678
Precision Molding Products	Net Sales	7,651	7,814	15,466	7,613	7,994	15,607	8,093	8,677	16,770	8,675	8,923	17,598
	Operating Income	1,217	1,149	2,367	975	1,161	2,137	1,180	1,328	2,508	1,330	1,218	2,548
Housing & Living Materials	Net Sales	4,145	4,315	8,461	4,552	4,256	8,808	4,387	4,707	9,094	4,988	4,620	9,608
	Operating Income	54	△ 36	17	127	△ 261	△ 134	36	44	80	167	200	367
Others	Net Sales	1,566	1,667	3,234	1,869	1,888	3,757	1,681	1,746	3,428	1,622	1,664	3,287
	Operating Income	124	20	145	102	△ 306	△ 203	68	△ 38	29	104	36	141
Total	Net Sales	17,937	18,594	36,531	18,658	18,789	37,447	18,983	20,008	38,991	20,298	20,053	40,351
	Operating Income	1,645	1,682	3,328	1,186	996	2,183	1,682	1,787	3,470	1,928	1,807	3,736

Notes: Effective as of this consolidated fiscal year under review, the method for calculating the items that have previously been disclosed as “adjustment amounts” was switched to the method for allocating these items to each reportable segment. Given this change, information related to the operating income for each reportable segment calculated according to the new categorization is presented for the prior consolidated fiscal year.

Reference Materials

Net Sales for Overseas





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.