



Consolidated Financial Summary (Japanese Accounting Standards)
(For the nine months ended December 31, 2017)

January 25, 2018

Listed company: Shin-Etsu Polymer Co., Ltd.

Listing Code: No. 7970 (URL <http://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, 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 Nine Months of the Fiscal Year Ending March 31, 2018
(April 1, 2017 to December 31, 2017)

(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, 2017	59,290	7.4	5,398	19.6	5,641	18.3	4,154	23.4
April – December 31, 2016	55,190	(3.1)	4,515	55.3	4,768	36.4	3,366	43.4

(Note) Comprehensive income: April – December 31, 2017: ¥4,415 million (–%); April – December 31, 2016: ¥1,627 million (–%)

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
April – December 31, 2017	50.58	50.48
April – December 31, 2016	41.07	41.00

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2017	102,207	76,368	74.6
As of March 31, 2017	96,061	72,890	75.8

(Reference) Equity capital: December 31, 2017: ¥76,240 million; March 31, 2017: ¥72,839 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2017	–	6.00	–	6.00	12.00
March 2018	–	6.00	–		
March 2018 (forecast)				6.00	12.00

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

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(The percentages indicate the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	76,000	2.7	6,500	17.9	6,800	14.6	5,200	22.9	63.33

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

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2017: 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 2017 | 82,623,376 shares |
| | March 2017 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2017 | 489,072 shares |
| | March 2017 | 513,092 shares |
| 3. Average number of shares during the term: | December 2017 | 82,141,037 shares |
| | December 2016 | 81,949,840 shares |

This financial summary is not subject to the statutory quarterly review.

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, 2017

(1) Qualitative Information on the Consolidated Results

The global economy experienced a moderate recovery, particularly in developed countries, which continued during the nine-month period ended December 31, 2017. The U.S. economy, backed largely by strong consumer spending and higher corporate earnings, maintained its recovery trend despite the uncertainty of the current administration, and the European economy maintained a moderate recovery trend thanks in part to monetary easing and revival of emerging economies. In Asia, the Chinese government's economic policies promoted economic stability after the country experienced a slowdown, and the ASEAN economies also remained on track for recovery.

The Japanese economy continued to recover slowly through the stable depreciation of the yen, a sustained increase in corporate earnings, and solid consumer spending supported by improved employment and income conditions.

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 carried out its sales activities with a focus on boosting sales of key products and products of new businesses in Japan and abroad. In addition, the Group absorbed four subsidiaries operating domestic production at the beginning of the fiscal year under review for the purpose of organizational management with combined management resources while also engaging actively in capital investment, primarily to increase its production capacity.

As a result, consolidated net sales stood at ¥59,290 million (up 7.4% year on year), consolidated operating profit amounted to ¥5,398 million (up 19.6% year on year), consolidated ordinary profit was ¥5,641 million (up 18.3% year on year), and profit attributable to owners of parent came to ¥4,154 million (up 23.4% 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 significantly to income growth.

In the business of input devices constituting core products, shipments of automotive key switches increased and those of capacitive touch switches remained steady following an increase in the number of vehicle-mounted electronic switches and automobile models installing the switches. Meanwhile, shipments of slim notebook personal computer touchpads remained sluggish due to the long period of time required for acquiring new models. As for display-related products, signs of a recovery in shipments of LCD connectors emerged, but sales of view control films (VCFs) were weak due to a decline in demand for ATMs. In the business of component-related products, while sales of electronic-part testing connectors as the mainstay products were affected by production adjustments of smartphone components, sales of products for other components increased.

As a result, segment sales amounted to ¥14,709 million, up 5.1% year on year, and segment operating profit was ¥1,177 million, up 51.0% 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.

Among the semiconductor-related containers, shipments not only of core products such as 300-mm wafer containers, but those for small-diameter wafers, remained strong on the back of growing demand in the semiconductor industry, which resulted in higher sales. Sales of components for office automation equipment remained at the same level as a year earlier, despite a recovery in the shipments of development rollers for laser printers as the mainstay products. Sales of carrier tape-related products increased, owing to strong sales of automotive semiconductors and other electronic components. In silicone rubber molded products, shipments

of mainstay products for medical equipment grew steadily; sales, however, did not grow.

As a result, segment sales stood at ¥25,446 million, up 10.3% year on year, and segment operating profit totaled ¥3,838 million, up 14.8% year on year.

3) Housing & Living Materials segment

Overall sales in the Housing & Living Materials segment exceeded the segment sales of a year earlier and profit also increased significantly thanks to new pricing, efforts to increase efficiency, and sales promotions for products of new businesses, despite the extremely harsh market environment of mainstay products.

In the segment of packing materials such as wrapping films, shipments to food supermarkets and the food service industry struggled to grow and price revisions were difficult, and as a result, sales remained flat. Sales of PVC pipes and related products surpassed the amount of a year earlier after the segment secured sufficient orders while implementing price revisions. Shipments of plastic compounds for automobiles and FA robot cables remained at a high level and helped a significant increase in sales. While the market remained sluggish, sales of exterior materials grew from a year earlier following the development of new customers and the expansion of product lines.

As a result, segment sales come to ¥14,082 million, up 8.2% year on year, and segment operating profit totaled ¥248 million, up 71.7% year on year.

4) Others segment

Overall sales in the Others segment decreased slightly year on year despite efforts to steadily receive construction 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 ¥5,050 million, down 1.0% year on year, and operating profit was ¥134 million, down 45.8% 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, 2018 published on July 24, 2017 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2017 (As of March 31, 2017)	Third quarter ended December 31, 2017
Assets		
Current assets		
Cash and deposits	40,236	42,677
Notes and accounts receivable—trade	18,903	19,905
Merchandise and finished goods	5,520	6,008
Work in process	1,147	1,281
Raw materials and supplies	2,391	2,696
Accounts receivable—other	1,202	1,297
Deferred tax assets	1,042	893
Other	3,094	4,190
Allowance for doubtful accounts	(360)	(389)
Total current assets	73,178	78,561
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,781	6,789
Machinery, equipment and vehicles, net	4,564	5,354
Land	6,471	6,540
Construction in progress	1,003	865
Other, net	1,028	1,261
Total property, plant and equipment	19,850	20,812
Intangible assets		
Software	209	106
Other	95	79
Total intangible assets	305	185
Investments and other assets		
Investment securities	1,184	1,333
Deferred tax assets	450	319
Other	1,092	995
Total investments and other assets	2,727	2,648
Total non-current assets	22,882	23,646
Total assets	96,061	102,207

(Million yen)

	Year ended March 31, 2017 (As of March 31, 2017)	Third quarter ended December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable—trade	13,080	14,259
Short-term loans payable	0	0
Accounts payable—other	2,737	3,223
Income taxes payable	966	969
Accrued expenses	2,641	2,471
Provision for bonuses	1,167	825
Provision for directors' bonuses	46	29
Other	987	2,118
Total current liabilities	21,628	23,898
Non-current liabilities		
Long-term loans payable	0	—
Net defined benefit liability	1,231	1,672
Other	310	268
Total non-current liabilities	1,542	1,941
Total liabilities	23,171	25,839
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	51,970	55,103
Treasury stock	(360)	(352)
Total shareholders' equity	73,964	77,105
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	436	537
Foreign currency translation adjustment	(1,560)	(1,401)
Remeasurements of defined benefit plans, net of tax	(1)	(1)
Total accumulated other comprehensive income	(1,125)	(865)
Subscription rights to shares	51	127
Total net assets	72,890	76,368
Total liabilities and net assets	96,061	102,207

(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, 2016 (April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)
Net sales	55,190	59,290
Cost of sales	38,068	40,795
Gross profit	17,121	18,494
Selling, general and administrative expenses	12,606	13,095
Operating profit	4,515	5,398
Non-operating income		
Interest income	156	197
Foreign exchange gains	68	43
Other	74	72
Total non-operating income	299	314
Non-operating expenses		
Interest expenses	19	18
Loss on retirement of non-current assets	16	51
Other	10	1
Total non-operating expenses	46	71
Ordinary profit	4,768	5,641
Extraordinary loss		
Loss on liquidation of subsidiaries	59	—
Total extraordinary loss	59	—
Profit before income taxes	4,709	5,641
Income taxes—current	1,375	1,301
Income taxes—deferred	(31)	185
Total income taxes	1,343	1,486
Profit	3,366	4,154
Profit attributable to owners of parent	3,366	4,154

Consolidated Statement of Comprehensive Income
 Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)
Profit	3,366	4,154
Other comprehensive income		
Valuation difference on available-for-sale securities	103	101
Foreign currency translation adjustment	(5,099)	159
Remeasurements of defined benefit plans	2	0
Total other comprehensive income	(4,993)	260
Comprehensive income	(1,627)	4,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,627)	4,415

(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

(Segment Information)

Information on net sales and profits or losses by reported segment

Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)

(Million yen)

	Reported segments				Others (Note) 2	Total
	Electronic Devices (Note) 1	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	13,994	23,079	13,013	50,087	5,103	55,190
Inter-segment sales or transfers	–	–	–	–	–	–
Total	13,994	23,079	13,013	50,087	5,103	55,190
Segment profit (Operating profit)	779	3,342	144	4,266	248	4,515

(Notes) 1. In the Electronic Devices segment, an impairment loss is recorded at Suzhou Shin-Etsu Polymer Co., Ltd., a subsidiary in China.

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

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.