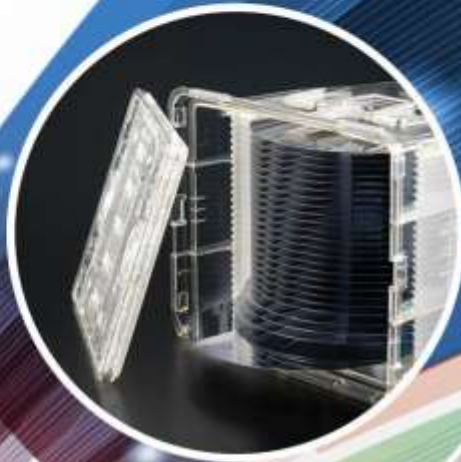


# Shin-Etsu

Shin-Etsu Polymer Co., Ltd.

Listing code : 7970



2<sup>nd</sup> Quarter of Financial Year  
Ended March 2018

# Business Result

Nov 8, 2017

- 1. Main Points of Consolidated Performance**
- 2. Summary of Consolidated Performance**
- 3. Changes in Consolidated Financial Results**
- 4. Summary of Performance by Business Segment**
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  - Precision Molding Products
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  - Cash Flow Statement
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## **Company Overview**

Profile

Technological Development

Main Products

Global Network

## **Reference Materials**

Financial Summary

Quarterly Changes by Business  
Segment

Forward-Looking Statements

## 1. Main Points of Consolidated Performance

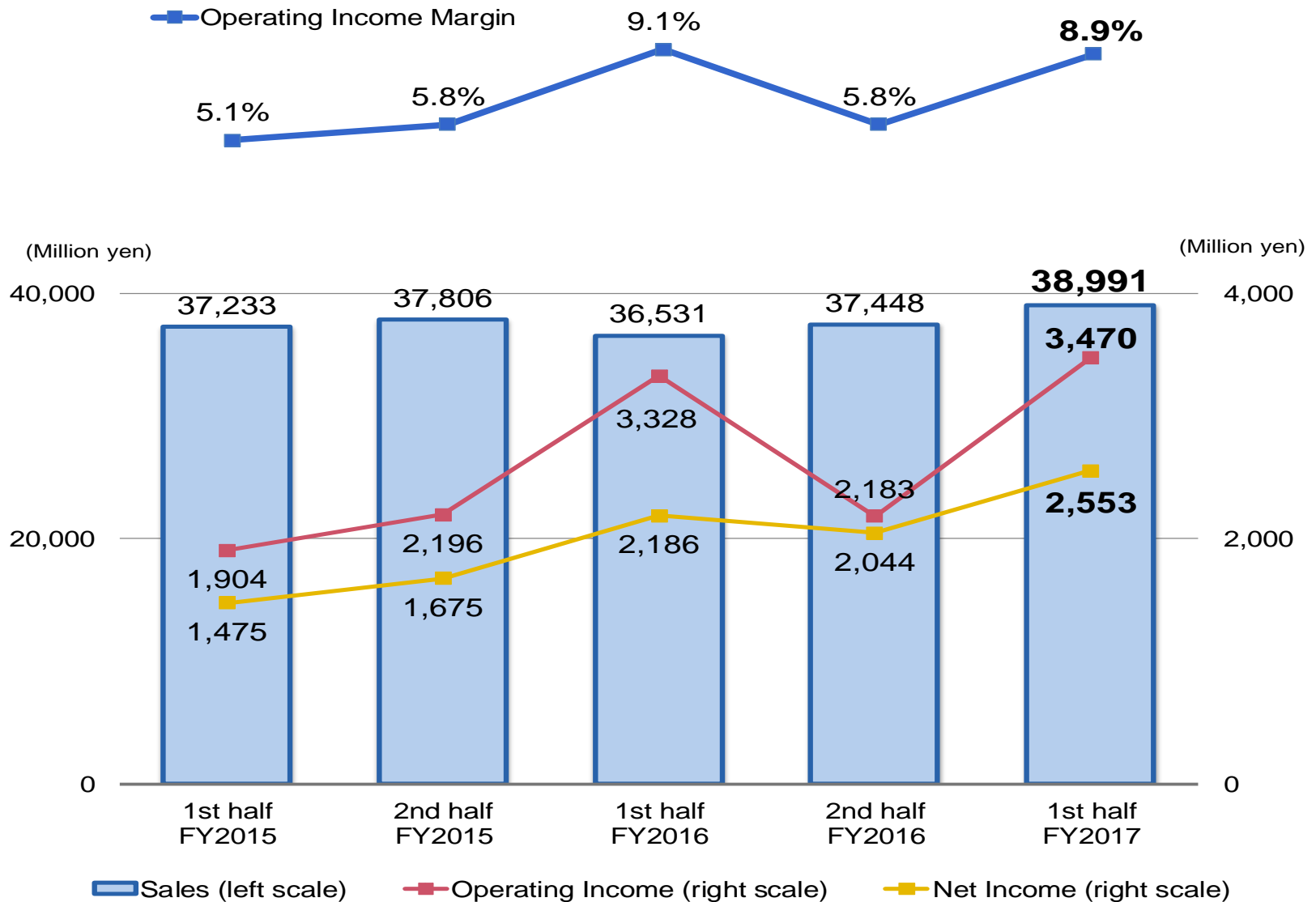
- **Sales benefited from increased activity in the semiconductor industry and remaining steady demand in automobile industry.**
- 1) Sales of automotive input devices increased steadily.
- 2) Sales of semiconductor-related containers increased strongly and sales of office automation device components were being recovered.
- 3) Sales of new material products increased strongly.

## 2. Summary of Consolidated Performance

		(Million yen)			
		1st half FY2016	1st half FY2017	Change	
<b>Net Sales</b>		<b>36,531</b>	<b>38,991</b>	<b>2,460</b>	<b>6.7%</b>
<b>Operating Income</b>		<b>3,328</b>	<b>3,470</b>	<b>142</b>	<b>4.3%</b>
<b>Ordinary Income</b>		<b>2,898</b>	<b>3,637</b>	<b>739</b>	<b>25.5%</b>
<b>Net Income</b>		<b>2,186</b>	<b>2,553</b>	<b>367</b>	<b>16.8%</b>
<b>Net Income per Share (yen)</b>		<b>26.7</b>	<b>31.1</b>	<b>4.4</b>	<b>16.5%</b>
<b>Dividend per Share (yen)</b>		<b>6.0</b>	<b>6.0</b>	<b>-</b>	<b>-</b>
<b>Exchange Rate</b> (yen/US dollar)	Jan.-Jun. (Avg.)	<b>111.8</b>	<b>112.4</b>	<b>-</b>	<b>-</b>
	Apr.-Sept. (Avg.)	<b>105.3</b>	<b>111.1</b>	<b>-</b>	<b>-</b>

Notes: Average exchange rates for January-June 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

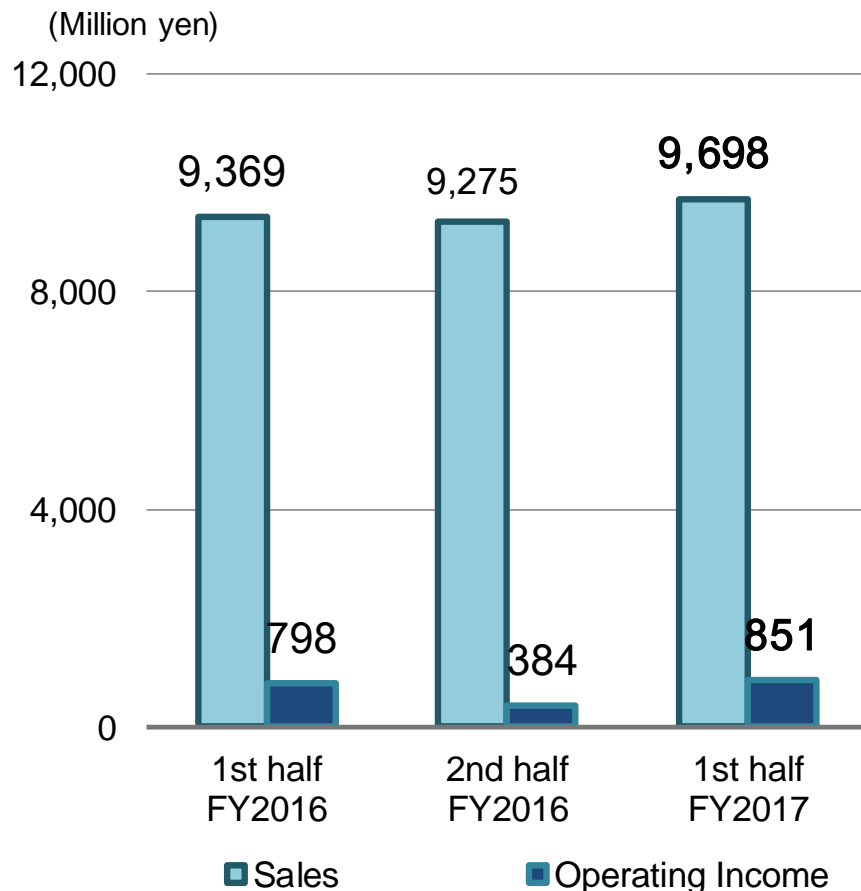
(Million yen)

	Sales				Operating Income			
	1st half FY2016	1st half FY2017	Change		1st half FY2016	1st half FY2017	Change	
Electronic Devices	9,369	9,698	329	3.5%	798	851	53	6.6%
Precision Molding Products	15,466	16,770	1,304	8.4%	2,367	2,508	141	6.0%
Housing & Living Materials	8,461	9,094	633	7.5%	17	80	63	370.6%
Others	3,234	3,428	194	6.0%	145	29	△ 116	△ 80.0%
<b>Total</b>	<b>36,531</b>	<b>38,991</b>	<b>2,460</b>	<b>6.7%</b>	<b>3,328</b>	<b>3,470</b>	<b>142</b>	<b>4.3%</b>

Notes: Effective as of last 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.

# 5. Performance by Business Segment

## Electronic Devices



### ■ Input devices

Sales of automotive key switches increased steadily. Sales of touch pads for slim notebook PCs remained sluggish.

### ■ Display-related products

Sales of inter-connectors for LCD connections were being recovered. Sales of view control film (VCF) levelled off.

### ■ Component-related products

Testing connectors for electronic components of smartphones were being recovered.

# 5. Performance by Business Segment

## Electronic Devices



Keypad switch (Automotive)



Touch switch (Automotive)

No reflection on windshield

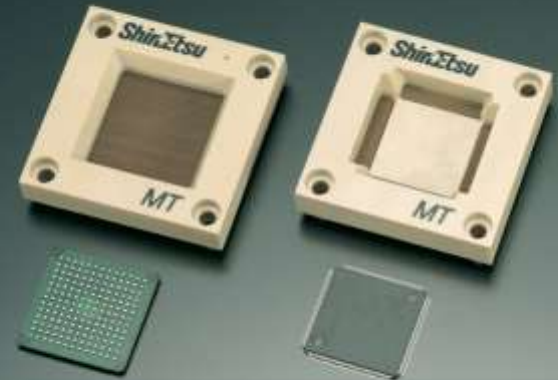
Reflection on windshield

VCF

View Control Film



Connectors for LCD

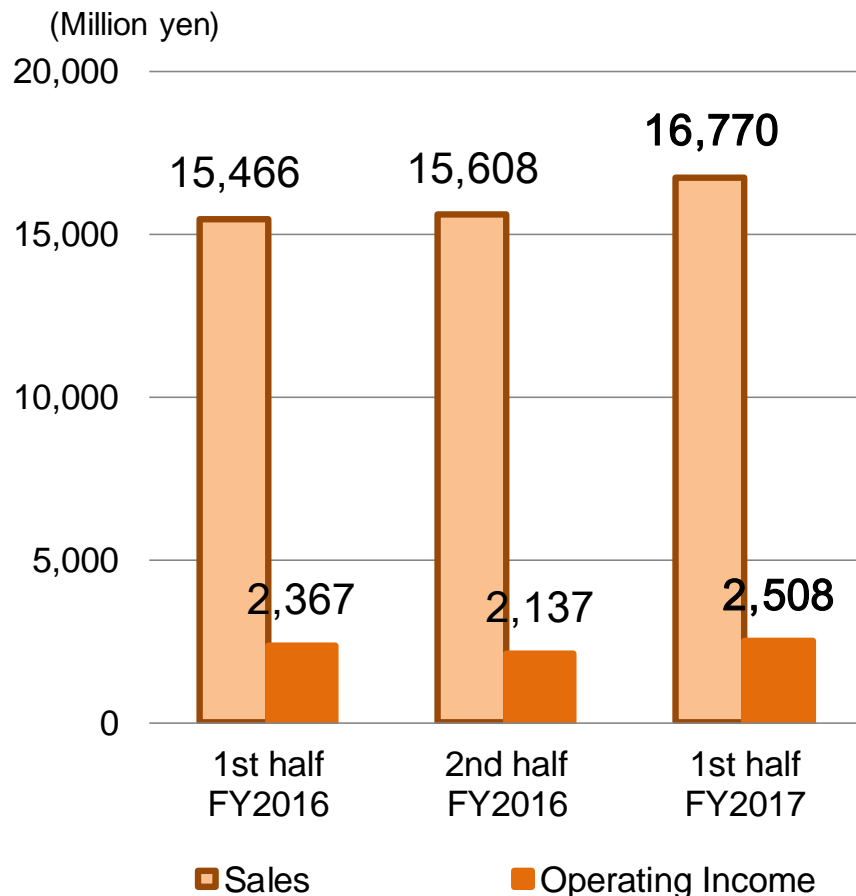


Connectors for electronic components



# 5. Performance by Business Segment

## Precision Molding Products



### ■ Semiconductor-related containers

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

### ■ OA device components

Sales of products for key users were being recovered.

### ■ Carrier tapes

Sales for automotive were solid and sales for fine components of smartphones were being recovered.

### ■ Silicone rubber molded products

Sales of medical products and others remained solid generally.

# 5. Performance by Business Segment

## Precision Molding Products



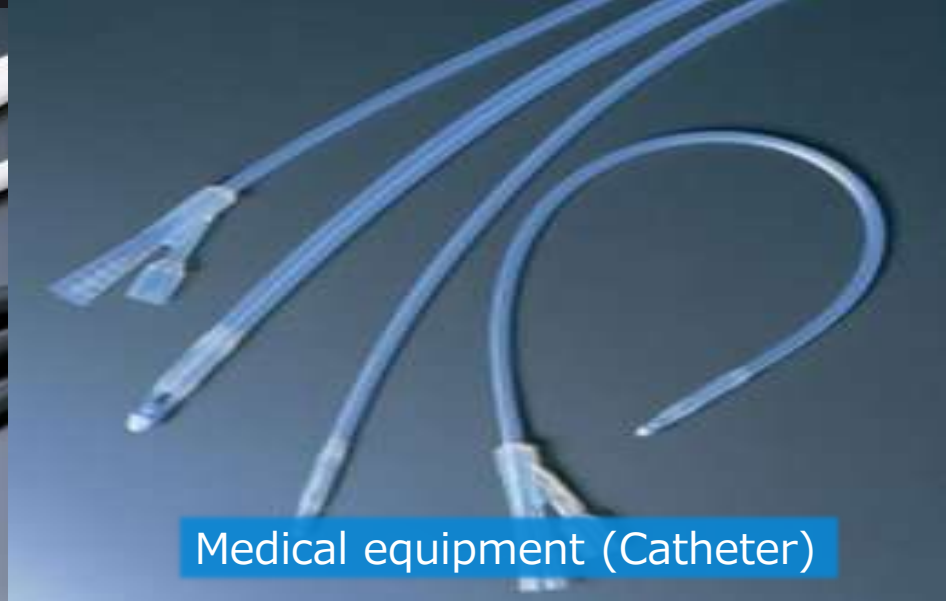
Silicone wafer container



Carrier tapes



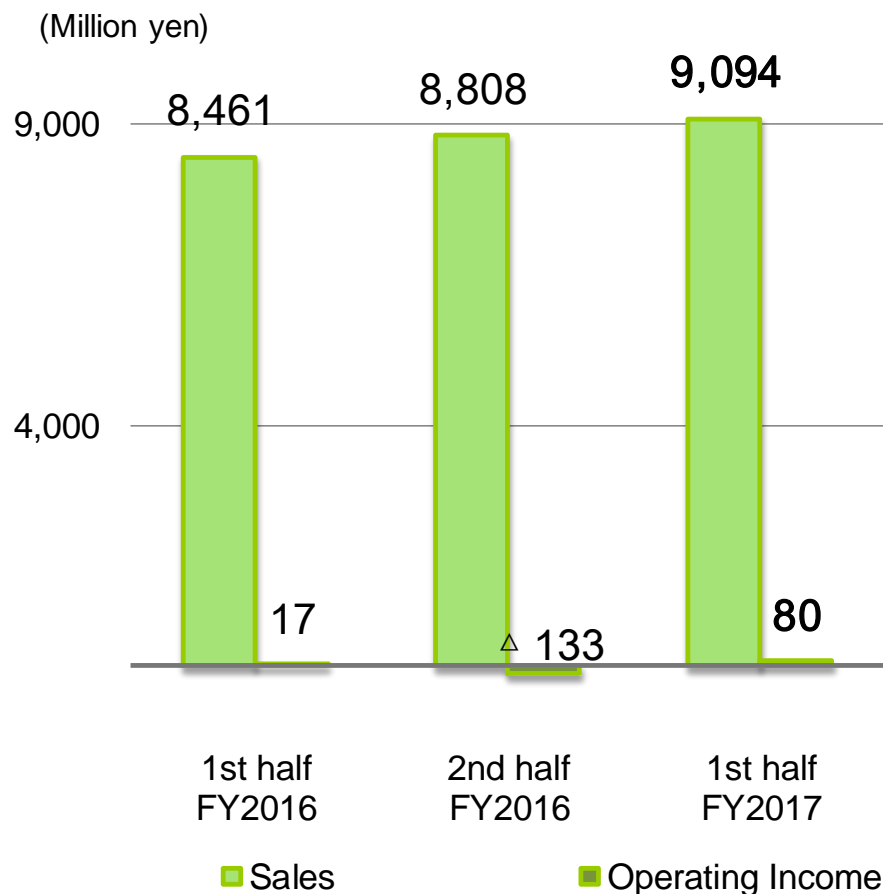
Rollers for OA devices



Medical equipment (Catheter)

# 5. Performance by Business Segment

## Housing & Living Materials



### ■ Wrapping films

Sales for food supermarkets and food services levelled off.

### ■ 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



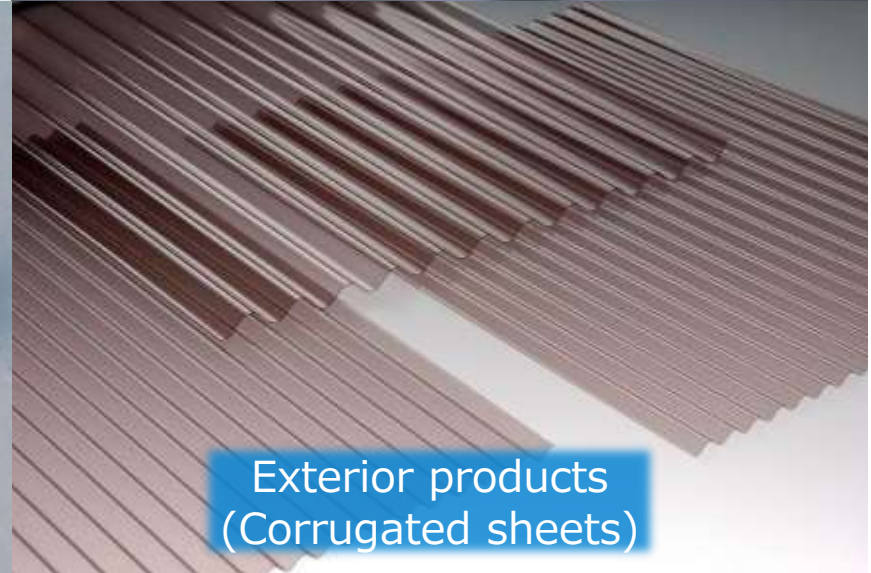
PVC pipes



Functional compounds



Exterior products  
(Corrugated sheets)



# 6. Financial Statements

## Comparative Balance Sheet

		(Million yen)		
		As of End of Mar. 2017	As of End of Sep. 2017	Change
<b>Current Assets</b>	Cash and deposits	40,236	42,971	2,735
	Notes and accounts receivable—trade	18,903	19,080	177
	Inventory assets	9,059	9,445	386
	Other	4,979	5,088	109
	<b>Total</b>	<b>73,178</b>	<b>76,585</b>	<b>3,407</b>
<b>Noncurrent Assets</b>	Property, plant and equipment	19,850	20,669	819
	Intangible assets	305	221	△ 84
	Other	2,727	2,498	△ 229
	<b>Total</b>	<b>22,882</b>	<b>23,389</b>	<b>507</b>
<b>Total assets</b>		<b>96,061</b>	<b>99,974</b>	<b>3,913</b>
<b>Current Liabilities</b>	Notes and accounts payable—trade	13,080	14,604	1,524
	Short-term loans payable	0	0	0
	Other	8,547	9,218	671
	<b>Total</b>	<b>21,628</b>	<b>23,823</b>	<b>2,195</b>
<b>Noncurrent Liabilities</b>	Long-term loans payable	0	0	0
	Net defined benefit liability	1,231	1,260	29
	Other	310	274	△ 36
	<b>Total</b>	<b>1,542</b>	<b>1,534</b>	<b>△ 8</b>
<b>Total liabilities</b>		<b>23,171</b>	<b>25,358</b>	<b>2,187</b>
<b>Total net assets</b>		<b>72,890</b>	<b>74,616</b>	<b>1,726</b>
<b>Total liabilities and net assets</b>		<b>96,061</b>	<b>99,974</b>	<b>3,913</b>

# 6. Financial Statements

## Comparative Statement of Income

	1st half FY2016	1st half FY2017	(Million yen)	
			Change	
<b>Net sales</b>	<b>36,531</b>	<b>38,991</b>	<b>2,460</b>	<b>6.7%</b>
Cost of sales	24,733	26,843	2,110	8.5%
Selling, general and administrative expenses	8,470	8,677	207	2.4%
<b>Operating income</b>	<b>3,328</b>	<b>3,470</b>	<b>142</b>	<b>4.3%</b>
Non-operating income	154	206	52	33.8%
Non-operating expenses	584	39	△ 545	△93.3%
<b>Ordinary income</b>	<b>2,898</b>	<b>3,637</b>	<b>739</b>	<b>25.5%</b>
Extraordinary income	0	0	0	-
Extraordinary loss	0	0	0	-
<b>Income before income taxes and minority interests</b>	<b>2,898</b>	<b>3,637</b>	<b>739</b>	<b>25.5%</b>
Income taxes—current	744	971	227	30.5%
Income taxes—deferred	△ 32	112	144	-
<b>Net income</b>	<b>2,186</b>	<b>2,553</b>	<b>367</b>	<b>16.8%</b>

# 6. Financial Statements

## Cash Flow Statement

		(Million yen)
	1st half FY2016	1st half FY2017
Cash flow provided by (used in) operating activities	3,269	4,812
Net cash provided by (used in) investing activities	△ 1,911	△ 1,528
Net cash provided by (used in ) financing activities	△ 366	△ 477
Cash and cash equivalents at end of period	33,626	41,894

## 7. Performance Forecast

(Million yen)

	FY2016	FY2017 (Forecast)	Change	
Net Sales	73,979	76,000	2,021	2.7%
Operating Income	5,511	6,500	989	17.9%
Ordinary Income	5,934	6,800	866	14.6%
Current Net Income	4,230	5,200	970	22.9%
Current Net Income per Share (yen)	51.6	63.3	11.7	22.7%
Annual Dividend per Share (yen)	12.0	12.0	-	-



## 8. Performance Forecast by Business Segment

(Million yen)

	Sales			
	FY2016	FY2017 (Forecast)	Change	
Electronic Devices	18,645	19,000	355	1.9%
Precision Molding Products	31,074	32,000	926	3.0%
Housing & Living Materials	17,270	18,000	730	4.2%
Others	6,991	7,000	9	0.1%
<b>Total</b>	<b>73,979</b>	<b>76,000</b>	<b>2,021</b>	<b>2.7%</b>
	Operating Income			
	FY2016	FY2017 (Forecast)	Change	
Electronic Devices	1,183	1,500	317	26.8%
Precision Molding Products	4,504	4,700	196	4.3%
Housing & Living Materials	△ 117	200	317	-
Others	△ 59	100	159	-
<b>Total</b>	<b>5,511</b>	<b>6,500</b>	<b>989</b>	<b>17.9%</b>

## 9. Capital Expenditure, Depreciation, Research & Development

	FY2014	FY2015	FY2016	(Million yen) FY2017 (Forecast)
Capital Expenditure	3,877	4,424	3,721	4,000
Depreciation	3,868	3,315	2,872	3,000
R&D Costs	3,225	3,609	3,572	3,600

### CAPEX Topics:

- ◆ Expansion of Itoigawa Factory:  
Construction has started since the beginning of this October.
- ◆ Expansion of Shin-Etsu Polymer India:  
Adjoining land of approx. 25,000 sqm will be purchased for future expansion within this November.



# Company Overview

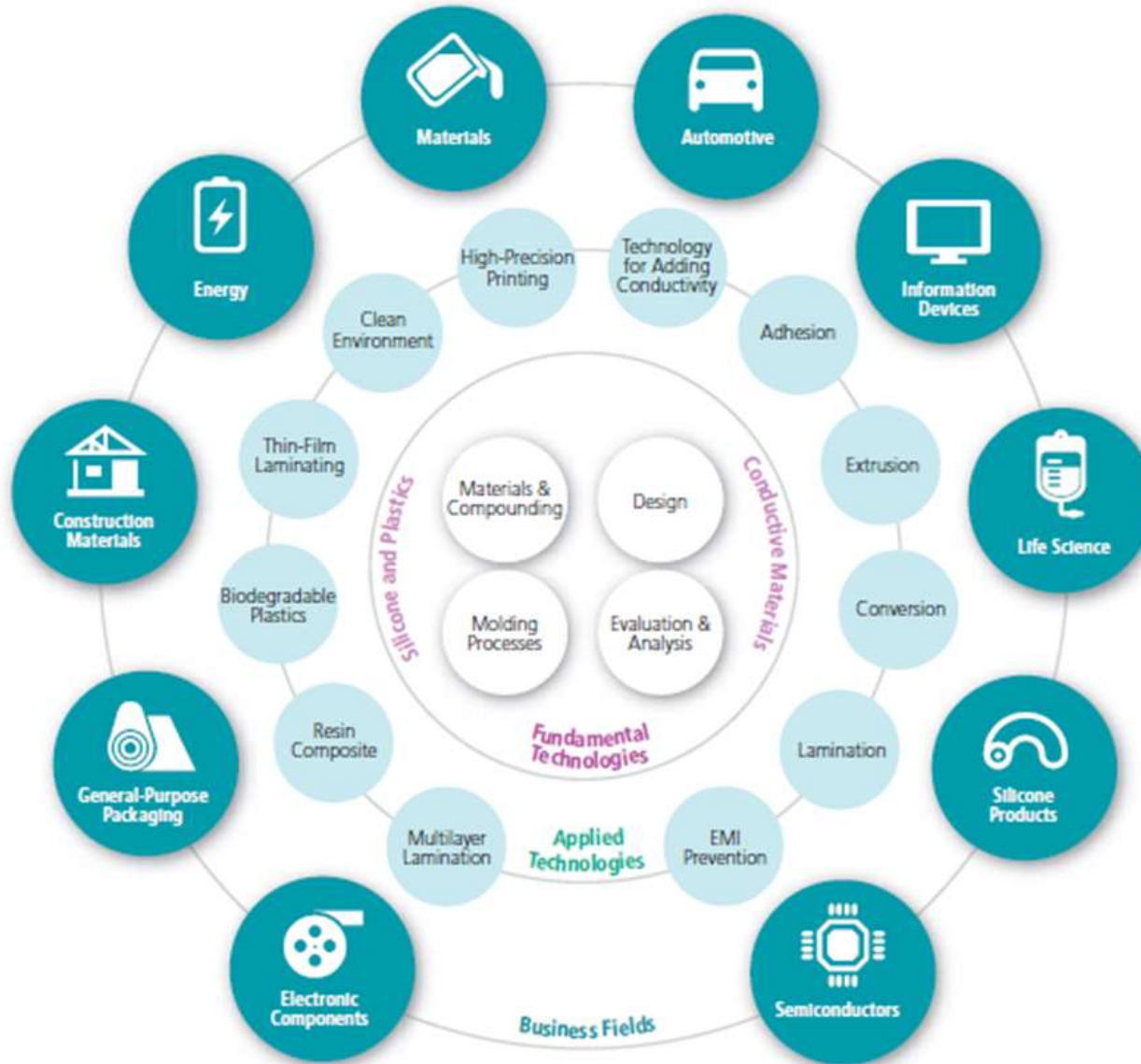
**Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications for our fundamental technologies using silicone and various plastics involving materials and compounding, design, molding processes, and evaluation and analysis.**

**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.**

<b>Established</b>	September 15, 1960, as a wholly owned subsidiary of Shin-Etsu Chemical Co., Ltd.
<b>Main businesses</b>	Manufacture and sale of resin processed products Operates businesses in a wide array of fields from electric and electronic devices to construction materials
<b>Paid-in capital</b>	¥11,635.95 million
<b>Number of consolidated subsidiaries</b>	14
<b>Number of employees</b>	4,216 (consolidated), 1,038 (non-consolidated) (As of September 30, 2017)

# Company Overview

## Technological Development



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



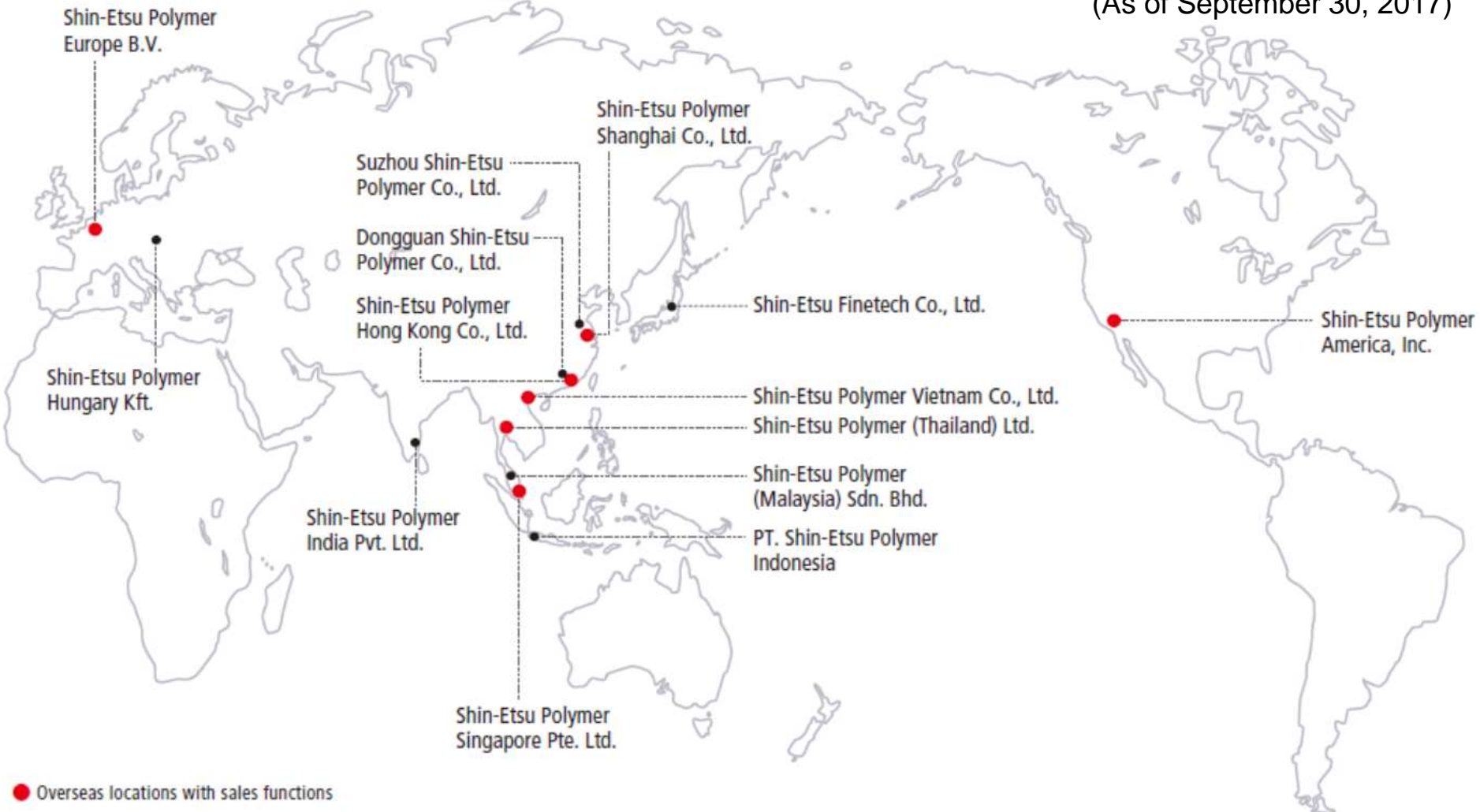
### Housing and Living Materials

- PVC pipes and related products
- Wrapping films
- Functional compounds
- Exterior materials



# Ability to Meet Global Needs

(As of September 30, 2017)





# Reference Materials



# Reference Materials

## Financial Summary

(Million yen)

	FY2012	FY2013	FY2014	FY2015	FY2016
Net sales	60,669	67,332	71,707	75,039	73,979
Operating income	944	1,314	2,231	4,101	5,511
Ordinary income	1,291	1,662	2,865	4,532	5,934
Current net income	210	720	1,777	3,151	4,230
Total assets	81,342	88,644	93,889	92,845	96,061
Net assets	63,020	68,088	72,250	71,253	72,890
Equity ratio	76.4%	75.7%	76.0%	76.7%	75.8%
Current net income per share(yen)	2.59	8.86	21.85	38.55	51.60
Annual dividend per share(yen)	9.00	9.00	9.00	9.00	12.00
Operating margin	1.6%	2.0%	3.1%	5.5%	7.5%
ROE - Return (Net income on equity)	0.3%	1.1%	2.6%	4.4%	5.9%
ROA - Return (Ordinary income on assets)	1.6%	2.0%	3.1%	4.9%	6.3%
Number of employees	3,547	3,628	3,962	3,942	4,144

# Reference Materials

## Quarterly Changes by Business Segment

(Million yen)

		FY2016						FY2017		
		1Q	2Q	1st half	3Q	4Q	2nd half	1Q	2Q	1st half
<b>Electronic Devices</b>	Net Sales	4,572	4,796	9,369	4,624	4,650	9,274	4,821	4,876	9,698
	Operating Income	248	549	798	△ 18	403	384	397	453	851
<b>Precision Molding Products</b>	Net Sales	7,651	7,814	15,466	7,613	7,994	15,607	8,093	8,677	16,770
	Operating Income	1,217	1,149	2,367	975	1,161	2,137	1,180	1,328	2,508
<b>Housing &amp; Living Materials</b>	Net Sales	4,145	4,315	8,461	4,552	4,256	8,808	4,387	4,707	9,094
	Operating Income	54	△ 36	17	127	△ 261	△ 134	36	44	80
<b>Others</b>	Net Sales	1,566	1,667	3,234	1,869	1,888	3,757	1,681	1,746	3,428
	Operating Income	124	20	145	102	△ 306	△ 203	68	△ 38	29
<b>Total</b>	Net Sales	17,937	18,594	36,531	18,658	18,789	37,447	18,983	20,008	38,991
	Operating Income	1,645	1,682	3,328	1,186	996	2,183	1,682	1,787	3,470

Notes: Effective as of last 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.



## **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.