



Consolidated Financial Summary (Japanese Accounting Standards)
(For the nine months ended December 31, 2016)

January 26, 2017

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

Listing Code: No. 7970 (URL <http://www.shinpoly.co.jp/>)
 Listing Stock Exchange: Tokyo
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Scheduled date to submit the Quarterly Securities Report: February 9, 2017
 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, 2017
(April 1, 2016 to December 31, 2016)

(1) Consolidated Financial Results (The percentages indicate the year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – December 31, 2016	55,190	(3.1)	4,515	55.3	4,768	36.4	3,366	43.4
April – December 31, 2015	56,948	7.1	2,907	57.8	3,496	54.0	2,347	48.5

(Note) Comprehensive income: December 31, 2016: -¥1,627 million (-%); December 31, 2015: -¥395 million (-%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
April – December 31, 2016	41.07	41.00
April – December 31, 2015	28.73	28.64

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended December 31, 2016	92,364	68,894	74.5
Year ended March 31, 2016	92,845	71,253	76.7

(Reference) Equity capital: December 31, 2016: ¥68,842 million; March 31, 2016: ¥71,237 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2016	–	4.50	–	4.50	9.00
March 2017	–	6.00	–		
March 2017 (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, 2017 (April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share (Basic)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	76,000	1.3	5,300	29.2	5,000	10.3	3,400	7.9		41.53

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

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2016 (any changes in specific subsidiaries accompanied by a change in the scope of consolidating): None
Newly added: None (Company name:) Eliminated: None (Company name:)
- (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.: | Yes |
| 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 2016 | 82,623,376 shares |
| | March 2016 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2016 | 532,922 shares |
| | March 2016 | 752,082 shares |
| 3. Average number of shares during the term: | December 2016 | 81,949,840 shares |
| | December 2015 | 81,722,865 shares |

Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. Procedures for a quarterly review of the consolidated financial statements for the first nine months of the fiscal year ending March 31, 2017 are being followed at the time of the announcement of this financial summary.

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, 2016

(1) Qualitative Information on the Consolidated Results

During the nine-month period ended December 31, 2016, the global economy followed a moderate recovery path. Despite temporary confusion in financial markets in Europe, business confidence remained strong in the United States, primarily due to solid personal consumption. In Asia, the economies of ASEAN nations picked up, while the Chinese economy continued to decelerate.

The Japanese economy remained on track to moderate recovery, thanks to a solid environment in employment and income and improving trends in corporate earnings following the shift of the exchange rate of the yen against the dollar from strong to weaker.

Looking at the business environment of the Group, stable production was maintained on a global basis in the automotive sector, and demand in semiconductor-related sectors remained strong.

In this operating environment, the Group continued its sales activities with a focus on expanding sales of mainstay growth products in Japan and abroad. It moved forward with capital investments to achieve goals such as production capacity enhancement and improvements in productivity and quality. Together with the Sales Unit, the Development Unit and the Production Unit, which the Company reorganized and established at the beginning of the period, clearly defined their functions and responsibilities and fully enforced business operation by forming the three pillars of the Company's efforts to respond promptly to changes in the business environment.

As a result, consolidated net sales during the nine-month period ended December 31, 2016 decreased 3.1% year on year, to ¥55,190 million, operating income rose 55.3% year on year, to ¥4,515 million, ordinary income grew 36.4% year on year, to ¥4,768 million, and profit attributable to owners of parent was up 43.4%, to ¥3,366 million.

Consolidated operating results by segment are as follows:

1) Electronic Devices segment

In the Electronic Devices segment, although shipments of automotive input devices were strong, overall sales declined and income also fell below the year-ago level, partly due to the effects of a strong yen.

In input devices, shipments of automotive key switches and capacitive touch switches remained steady, following the increase in the types of automobiles mounting the switches, in addition to the expansion of the types of car-mounted electronic switches used in automobiles. Meanwhile, shipments of slim notebook personal computer touchpads decreased significantly, reflecting the stagnant personal computer market. As for display-related products, shipments of LCD connectors for marketing overseas achieved upward momentum. In component-related products, however, shipments of electronic-part testing connectors were slow, due largely to sluggish growth in the production of high-end smartphones.

As a result, segment sales amounted to ¥13,994 million, down 7.2% year on year, and segment operating income was ¥779 million, down 33.1% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales remained unchanged from the previous year and income rose significantly thanks to strong shipments of semiconductor-related containers, while shipments of some of other products were stagnant.

Shipments of semiconductor-related containers, the mainly products for 300 mm wafers, remained strong on the back of the high level of demand in the semiconductor industry. In components for office automation equipment, shipments of development rollers for main users were sluggish due to the weak laser printer market. Demand for carrier tape-related products for automobile-mounted electronic devices was solid, while

shipments of products for minute components such as ceramic condensers for high-end smartphones were stagnant. In silicone rubber molded products, shipments of mainstay products such as those for medical equipment and building materials remained stable.

As a result, segment sales came to ¥23,079 million, up 0.1% year on year, and segment operating income was ¥3,342 million, up 44.4% year on year.

3) Housing & Living Materials segment

Income improved in the Housing & Living Materials segment, although overall sales declined, reflecting weak demand for PVC-related products and the price competition in the Japanese market.

With regard to shipments of packing materials such as wrapping films, demand for products for food supermarkets and the food service industry was stagnant, and sales were on a par with the year-ago level. Sales of PVC pipes and related products continued to face difficulties securing sufficient orders due to the slowdown in the number of housing starts. Sales of plastic compounds decreased, reflecting the impact of declining demand and falling naphtha prices due to the production adjustment of automobiles in Japan. Shipments of exterior materials decreased compared to a year ago because of the decline in sales associated with withdrawal from the resin siding business, in addition to the slow movement of goods overall.

This resulted in segment sales of ¥13,013 million, down 6.6% year on year, and segment operating income of ¥144 million, compared with a loss of ¥201 million in the nine-month period the previous year.

4) Others segment

Sales in the Others segment were firm, with orders received for the new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas.

This resulted in segment sales of ¥5,103 million, up 4.5% year on year, and segment operating income of ¥248 million, compared with a loss of ¥371 million in the same period of the previous year.

(2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts

Consolidated financial forecasts for the fiscal year ending March 31, 2017 published on July 25, 2016 remain unchanged.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Nine months ended December 31, 2016
Assets		
Current assets		
Cash and deposits	38,725	37,992
Notes and accounts receivable—trade	17,037	18,605
Merchandise and finished goods	5,591	5,113
Work in process	1,500	1,256
Raw materials and supplies	2,276	2,255
Accounts receivable—other	1,206	921
Deferred tax assets	992	905
Other	3,018	3,595
Allowance for doubtful accounts	(394)	(398)
Total current assets	69,953	70,247
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,224	6,535
Machinery, equipment and vehicles, net	4,700	4,301
Land	6,415	6,435
Construction in progress	1,457	824
Other, net	972	1,060
Total property, plant and equipment	19,771	19,157
Intangible assets		
Software	298	237
Other	113	98
Total intangible assets	412	335
Investments and other assets		
Investment securities	1,265	1,151
Deferred tax assets	413	388
Other	1,029	1,085
Total investments and other assets	2,708	2,624
Total non-current assets	22,892	22,117
Total assets	92,845	92,364

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the nine months ended December 31, 2016)

(Million yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Nine months ended December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable—trade	12,621	13,541
Short-term loans payable	0	0
Accounts payable—other	2,713	2,700
Income taxes payable	603	1,013
Accrued expenses	2,026	2,669
Provision for bonuses	1,134	757
Provision for directors' bonuses	42	32
Other	893	1,195
Total current liabilities	20,035	21,911
Non-current liabilities		
Long-term loans payable	0	0
Net defined benefit liability	1,327	1,231
Other	228	326
Total non-current liabilities	1,556	1,558
Total liabilities	21,592	23,470
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	48,667	51,112
Treasury stock	(528)	(374)
Total shareholders' equity	70,493	73,092
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	305	408
Foreign currency translation adjustment	449	(4,650)
Remeasurements of defined benefit plans	(11)	(8)
Total other accumulated comprehensive income	743	(4,250)
Subscription rights to shares	15	51
Total net assets	71,253	68,894
Total liabilities and net assets	92,845	92,364

(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, 2015 (April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Net sales	56,948	55,190
Cost of sales	41,339	38,068
Gross profit	15,609	17,121
Selling, general and administrative expenses	12,701	12,606
Operating income	2,907	4,515
Non-operating income		
Interest income	184	156
Foreign exchange gains	641	68
Other	138	74
Total non-operating income	964	299
Non-operating expenses		
Interest expenses	20	19
Loss on retirement of non-current assets	353	16
Other	0	10
Total non-operating expenses	374	46
Ordinary income	3,496	4,768
Extraordinary income		
Gain on reversal of subscription rights to shares	27	—
Total extraordinary income	27	—
Extraordinary loss		
Loss on liquidation of subsidiaries	—	59
Impairment loss	53	—
Total extraordinary losses	53	59
Income before income taxes and non-controlling interests	3,471	4,709
Income taxes—current	1,058	1,375
Income taxes—deferred	56	(31)
Total income taxes	1,114	1,343
Net income	2,356	3,366
Profit (loss) attributable to non-controlling interests	8	—
Profit attributable to owners of parent	2,347	3,366

Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Net income	2,356	3,366
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	103
Foreign currency translation adjustment	(2,721)	(5,099)
Remeasurements of defined benefit plans	(8)	2
Total other comprehensive income	(2,752)	(4,993)
Comprehensive income	(395)	(1,627)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(387)	(1,627)
Comprehensive income attributable to non-controlling interests	(8)	–

(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)

Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	15,082	23,057	13,926	52,066	4,882	56,948
Inter-segment sales or transfers	—	—	—	—	—	—
Total	15,082	23,057	13,926	52,066	4,882	56,948
Segment profit (loss)	1,165	2,315	(201)	3,278	(371)	2,907

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

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

1. Information on net sales and profits or losses by reported segment

(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	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.

2. Matters relating to changes in reportable segments, etc.

(Changes to the method for calculating the profit or loss of reportable segments)

Effective as of the consolidated first quarter of the fiscal year under review, the Group switched from the method for calculating the items that have previously been disclosed as "adjustment amounts" to the method for allocating these items to each reportable segment.

Given this change, information related to the profit or loss for each reportable segment calculated according to the new categorization is presented for the nine months of the prior consolidated fiscal year.