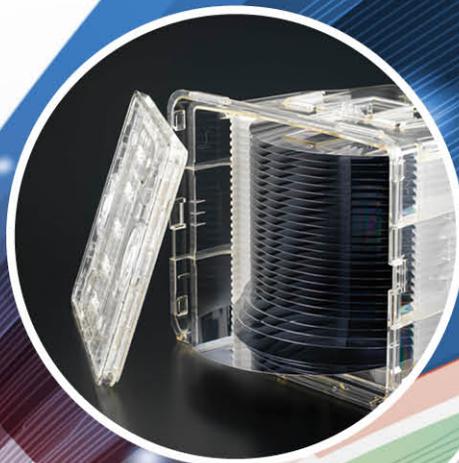


Shin-Etsu

Shin-Etsu Polymer Co., Ltd.

Listing code : 7970



Financial Year
Ended March 2017

Business Result

May 10, 2017

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1. Main Points of Consolidated Performance

- **Fourth straight year of increased profits although decreased sales due to the strong yen**
 - 1) Sales of semiconductor-related containers increased strongly.
 - 2) Sales of automotive input devices grew steadily.
 - 3) Structural reforms were in progress for PVC-related products.

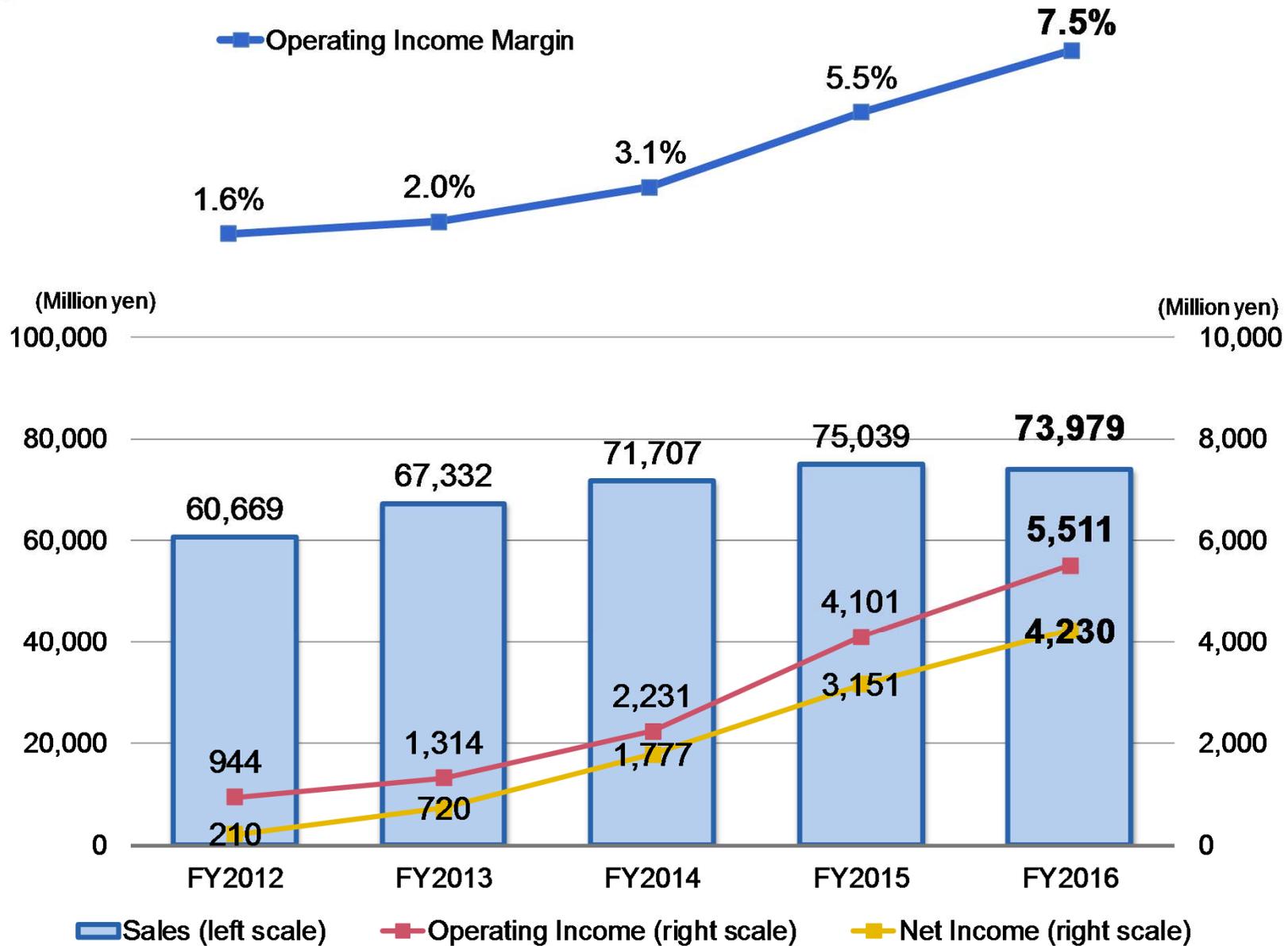
2. Summary of Consolidated Performance

(Million yen)

	FY2015	FY2016	Change	
Net Sales	75,039	73,979	Δ 1,060	Δ 1.4%
Operating Income	4,101	5,511	1,410	34.4%
Ordinary Income	4,532	5,934	1,402	30.9%
Net Income	3,151	4,230	1,079	34.2%
Net Income per Share (yen)	38.55	51.60	13.05	33.9%
Dividend per Share (yen)	9.0	12.0	3.0	33.3%
Exchange Rate (yen/US dollar)	Jan.-Dec.(Ave)	121	Δ 12	Δ 10.1%
	Apr.-Mar.(Ave)	120	Δ 12	Δ 9.8%

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)

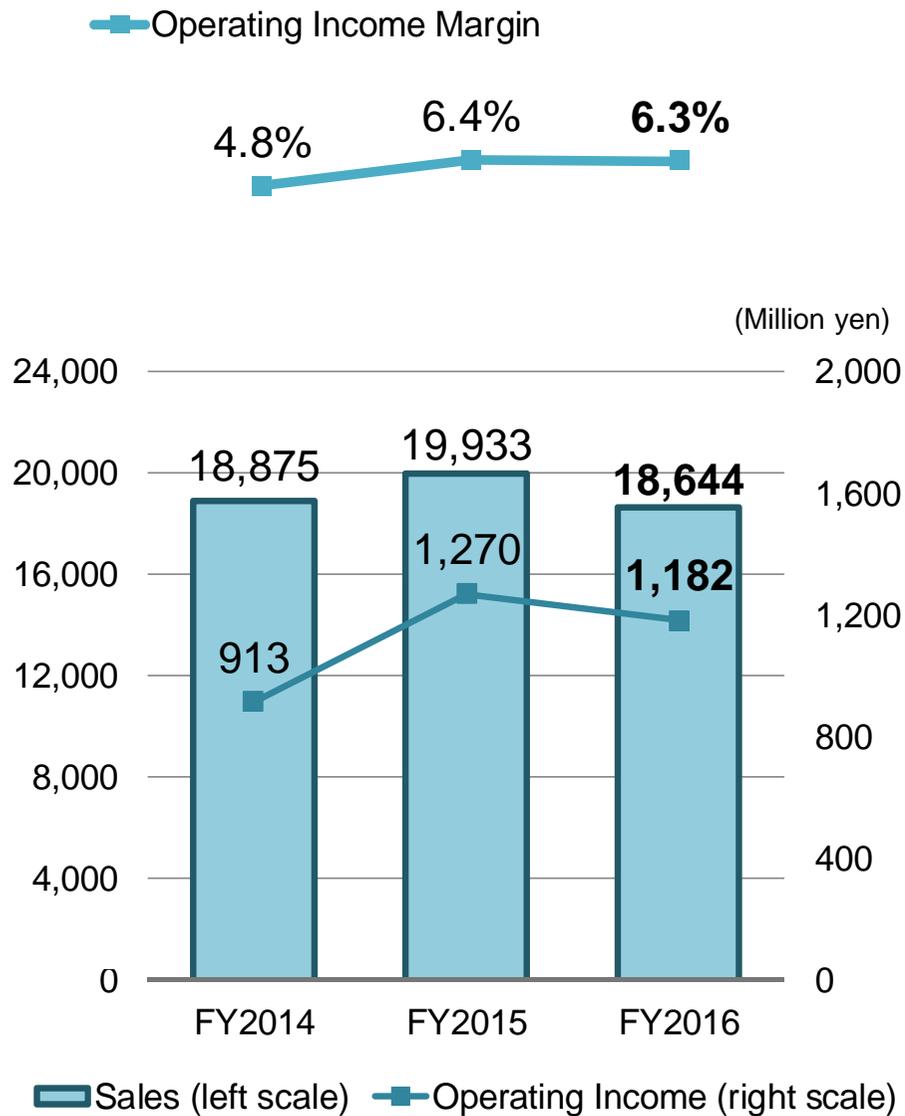
	Sales				Operating Income			
	FY2015	FY2016	Change		FY2015	FY2016	Change	
Electronic Devices	19,933	18,644	Δ 1,289	Δ 6.5%	1,270	1,182	Δ 88	Δ 6.8%
Precision Molding Products	30,378	31,074	696	2.3%	3,611	4,504	893	24.7%
Housing & Living Materials	18,205	17,269	Δ 936	Δ 5.1%	Δ 39	Δ 116	Δ 77	-
Others	6,523	6,991	468	7.2%	Δ 741	Δ 58	683	-
Total	75,039	73,979	Δ 1,060	Δ 1.4%	4,101	5,511	1,410	34.4%

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.

5. Performance by Business Segment

Electronic Devices



■ Input devices

Sales of automotive key switches were solid. Sales of touch pads for slim notebook PCs were reduced by half.

■ Display-related products

Recovery of sales of inter-connectors for LCD connections were weak. Sales of view control film (VCF) for automotive were increasing.

■ Component-related products

Testing connectors for electronic components of smartphones levelled off.

5. Performance by Business Segment

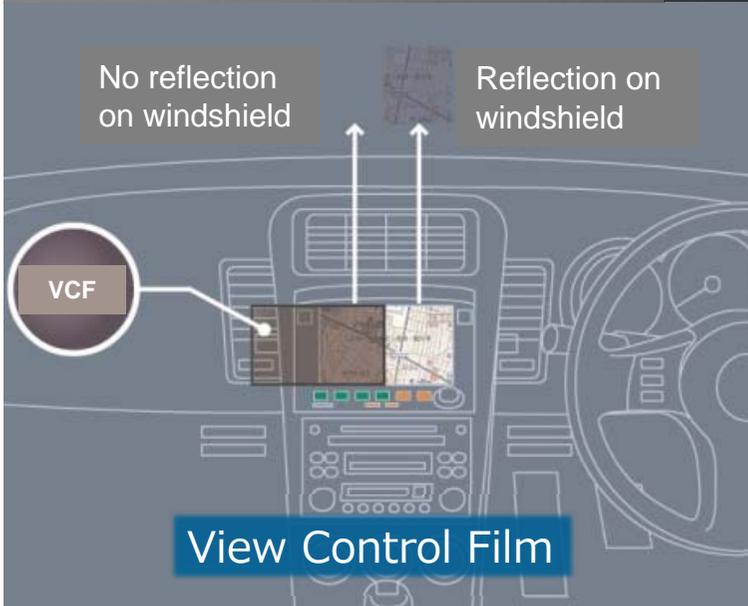
Electronic Devices



Keypad switch (Automotive)



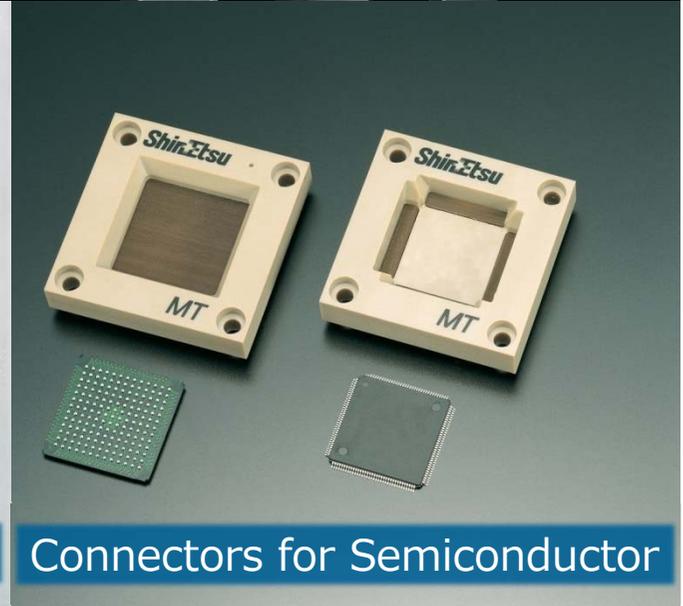
Touch switch (Automotive)



View Control Film



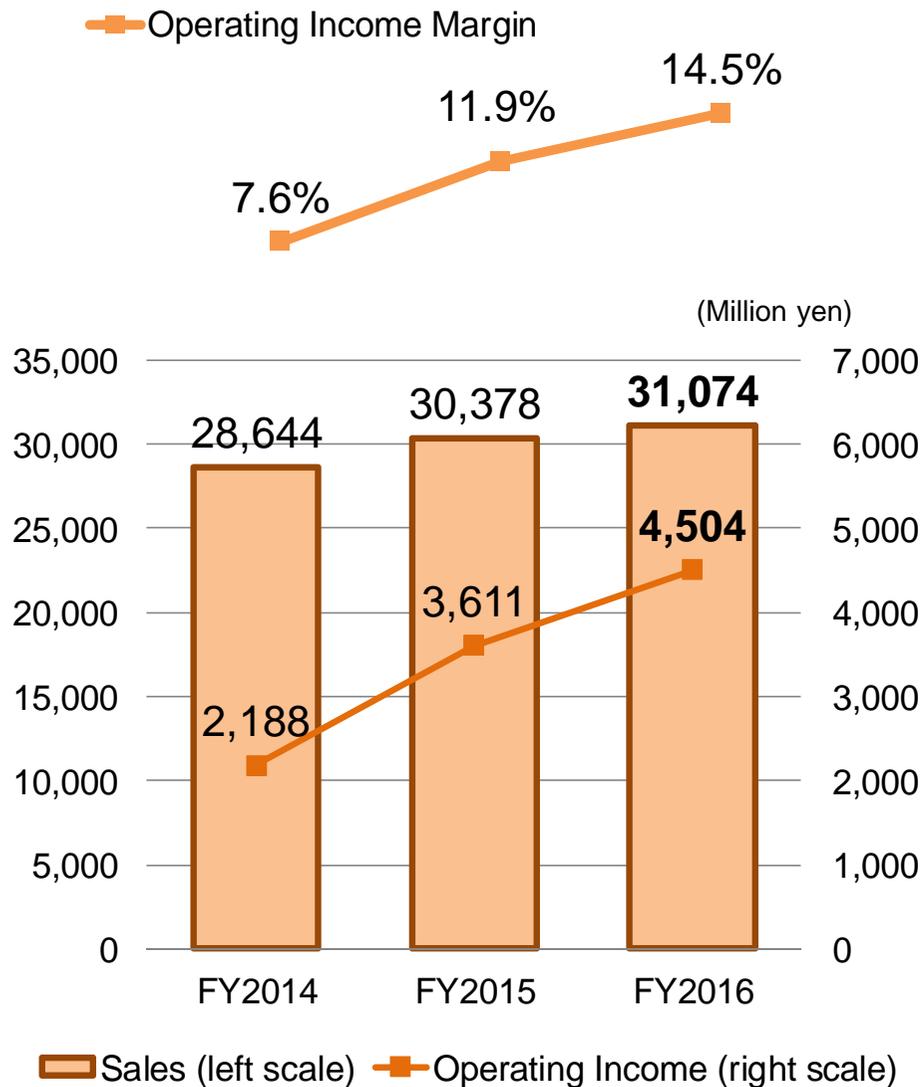
Connectors for LCD



Connectors for Semiconductor

5. Performance by Business Segment

Precision Molding Products



■ Semiconductor-related containers

Sales increased with strong demand in the semiconductor industry. Especially sales of Front opening unified pods rose significantly.

■ OA device components

Sales of products for key users decreased.

■ Carrier tapes

Lower sales due to demand for smartphones were stagnant even shipments for automotive were solid.

■ 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

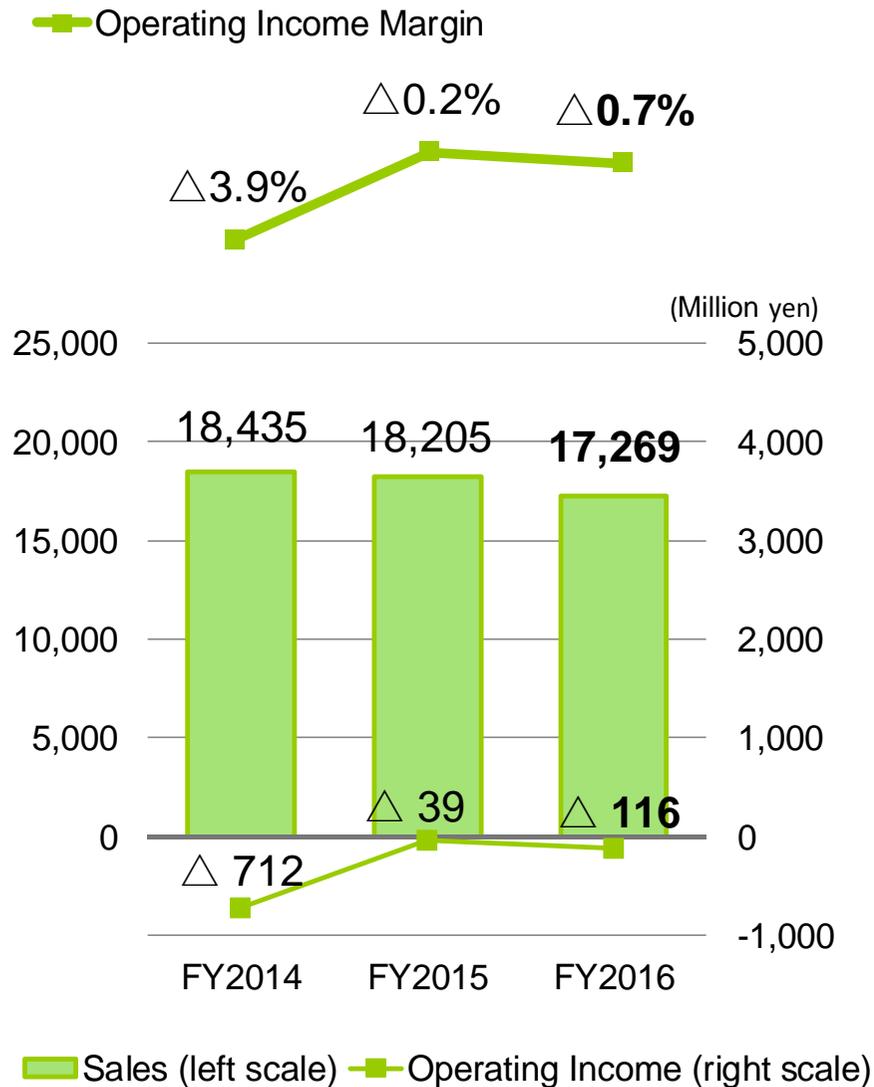


Medical equipment (Catheter)



5. Performance by Business Segment

Housing & Living Materials



■ Wrapping films

Sales for food supermarkets and food services were stagnant as the year-ago level.

■ PVC pipes and related products

Market share was not improved under the slowdown in housing starts.

■ Functional compounds

Sales for automobiles and robot cables recovered gradually.

■ Exterior products

Overall sales were sluggish due to lower demand and the withdrawal from the resin siding business.

5. Performance by Business Segment

Housing & Living Materials



6. Financial Statements

Comparative Balance Sheet

		(Million yen)		
		FY2015	FY2016	Change
Current Assets	Cash and deposits	38,725	40,236	1,511
	Notes and accounts receivable—trade	17,037	18,903	1,866
	Inventory assets	9,367	9,059	△ 308
	Other	4,822	4,979	157
	Total	69,953	73,178	3,225
Noncurrent Assets	Property, plant and equipment	19,771	19,850	79
	Intangible assets	412	305	△ 107
	Other	2,708	2,727	19
	Total	22,892	22,882	△ 10
Total assets		92,845	96,061	3,216
Current Liabilities	Notes and accounts payable—trade	12,621	13,080	459
	Short-term loans payable	0	0	0
	Other	7,413	8,547	1,134
	Total	20,035	21,628	1,593
Noncurrent Liabilities	Long-term loans payable	0	0	0
	Net defined benefit liability	1,327	1,231	△ 96
	Other	228	310	82
	Total	1,556	1,542	△ 14
Total liabilities		21,592	23,171	1,579
Total net assets		71,253	72,890	1,637
Total liabilities and net assets		92,845	96,061	3,216

6. Financial Statements

Comparative Statement of Income

(Million yen)

	FY2015	FY2016	Change	
Net sales	75,039	73,979	Δ 1,060	Δ 1.4%
Cost of sales	54,143	51,287	Δ 2,856	Δ 5.3%
Selling, general and administrative expenses	16,795	17,180	385	2.3%
Operating income	4,101	5,511	1,410	34.4%
Non-operating income	818	478	Δ 340	Δ 41.6%
Non-operating expenses	387	55	Δ 332	Δ 85.8%
Ordinary income	4,532	5,934	1,402	30.9%
Extraordinary income	0	0	0	-
Extraordinary loss	158	327	169	107.0%
Income before income taxes and minority interests	4,373	5,606	1,233	28.2%
Income taxes—current	1,353	1,538	185	13.7%
Income taxes—deferred	Δ 140	Δ 162	Δ 22	15.7%
Minority interests	8	0	Δ 8	Δ 100.0%
Net income	3,151	4,230	1,079	34.2%

6. Financial Statements

Cash Flow Statement

		(Million yen)
	FY2015	FY2016
Cash flow provided by (used in) operating activities	7,682	7,278
Net cash provided by (used in) investing activities	△ 4,768	△ 1,843
Net cash provided by (used in) financing activities	△ 1,179	△ 789
Cash and cash equivalents at end of period	35,377	38,981

9. Capital Expenditure, Depreciation, Research & Development

	(Million yen)			
	FY2013	FY2014	FY2015	FY2016
Capital Expenditure	2,571	3,877	4,424	3,721
Depreciation	3,039	3,868	3,315	2,872
R&D Costs	2,807	3,225	3,609	3,572



Company Overview

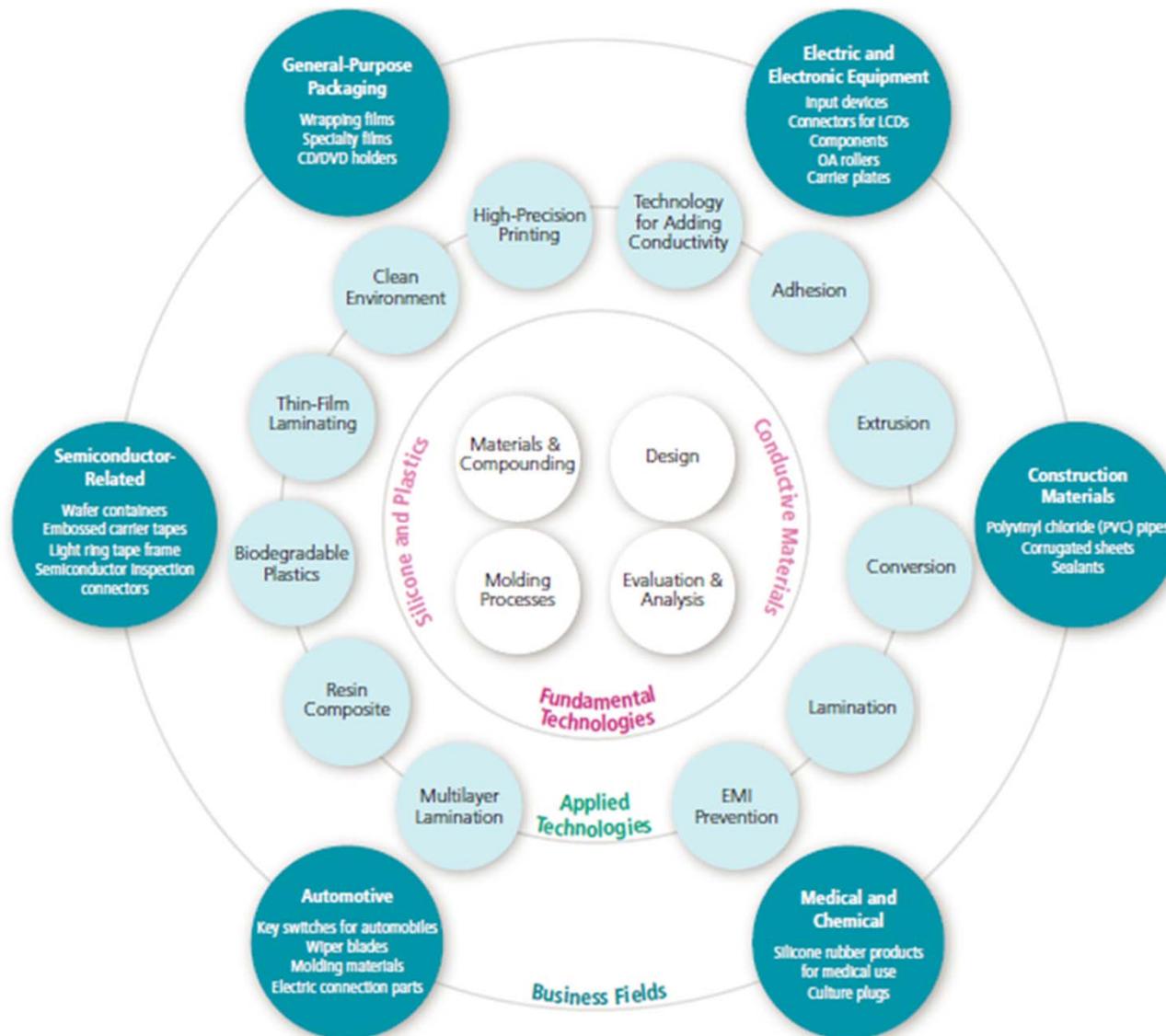
Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications for our fundamental technologies using silicone and various plastics involving materials and compounding, design, molding processes, and evaluation and analysis.

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	17
Number of employees	4,144 (consolidated), 607 (non-consolidated) (As of March 31, 2017)

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.

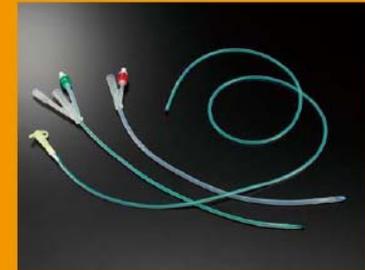
Electronic Devices

- Input devices
- Display-related products
- Component-related products



Precision Molding Products

- Semiconductor-related containers
- Office automation device components
- Carrier tapes
- Silicon rubber molded products

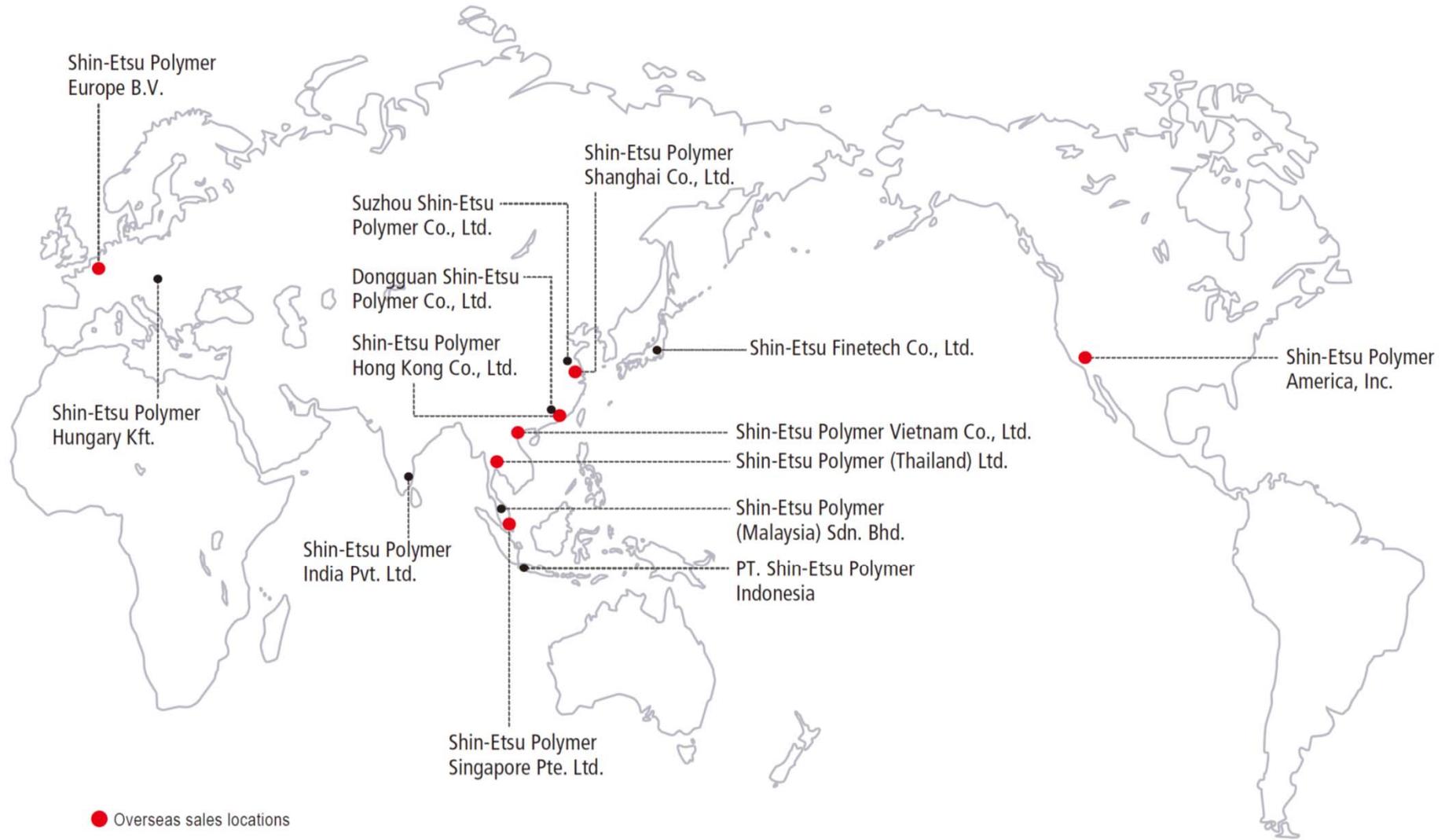


Housing and Living Materials

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



Ability to Meet Global Needs (As of April 31, 2017)





Reference Materials

Reference Materials

Financial Summary

	FY2012	FY2013	FY2014	FY2015	(Million yen) 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

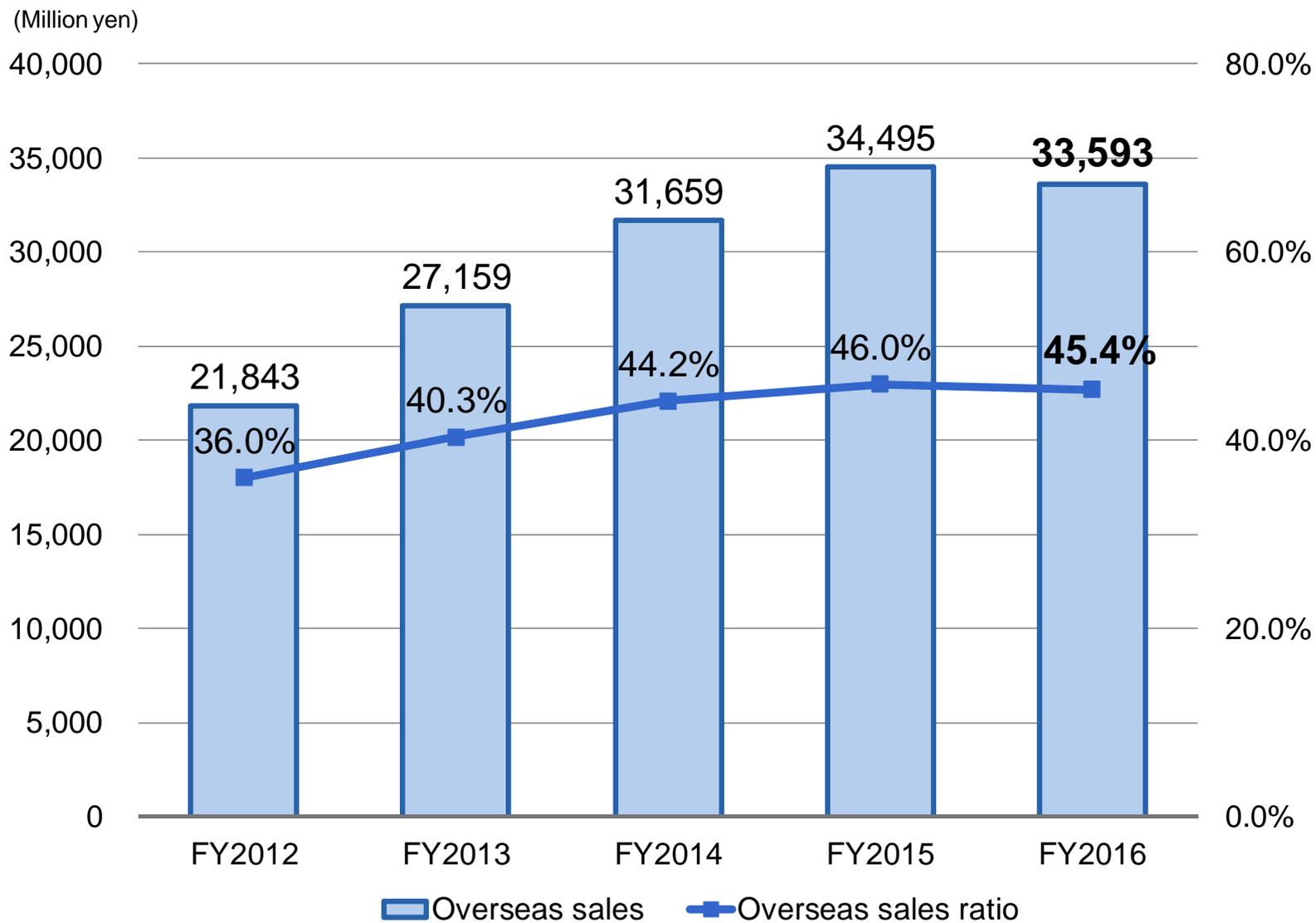
(Million yen)

		FY2015						FY2016					
		1Q	2Q	1st half	3Q	4Q	2nd half	1Q	2Q	1st half	3Q	4Q	2nd half
Electronic Devices	Net Sales	4,810	5,267	10,077	5,005	4,850	9,855	4,572	4,796	9,369	4,624	4,650	9,274
	Operating Income	200	526	727	438	104	542	248	549	798	△ 18	403	384
Precision Molding Products	Net Sales	7,488	7,627	15,115	7,941	7,320	15,262	7,651	7,814	15,466	7,613	7,994	15,607
	Operating Income	733	670	1,404	910	1,295	2,206	1,217	1,149	2,367	975	1,161	2,137
Housing & Living Materials	Net Sales	4,319	4,647	8,967	4,959	4,278	9,238	4,145	4,315	8,461	4,552	4,256	8,808
	Operating Income	△ 231	△ 89	△ 321	119	162	282	54	△ 36	17	127	△ 261	△ 134
Others	Net Sales	1,522	1,550	3,072	1,810	1,640	3,450	1,566	1,667	3,234	1,869	1,888	3,757
	Operating Income	50	44	94	△ 466	△ 368	△ 835	124	20	145	102	△ 306	△ 203
Total	Net Sales	18,140	19,092	37,233	19,715	18,090	37,806	17,937	18,594	36,531	18,658	18,789	37,447
	Operating Income	753	1,151	1,904	1,002	1,193	2,196	1,645	1,682	3,328	1,186	996	2,183

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.