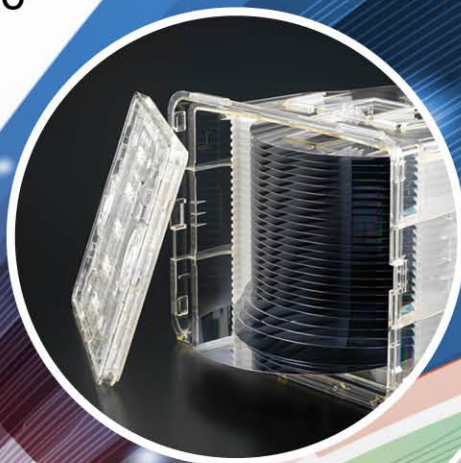


# ShinEtsu

Shin-Etsu Polymer Co., Ltd.

Listing code: 7970



2nd Quarter of Financial Year  
Ending March 2017

# Business Results

- 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**
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  - Comparative Statement of Income
  - Cash Flow Statement
- 7. Performance Forecast**
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- 9. Capital Expenditure, Depreciation,  
Research & Development**

## **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 grew steadily.
  - 2) Sales of semiconductor-related containers increased strongly and sales of office automation device components were moderated.
  - 3) Profitability was improved for PVC-related products although sales were decreased.

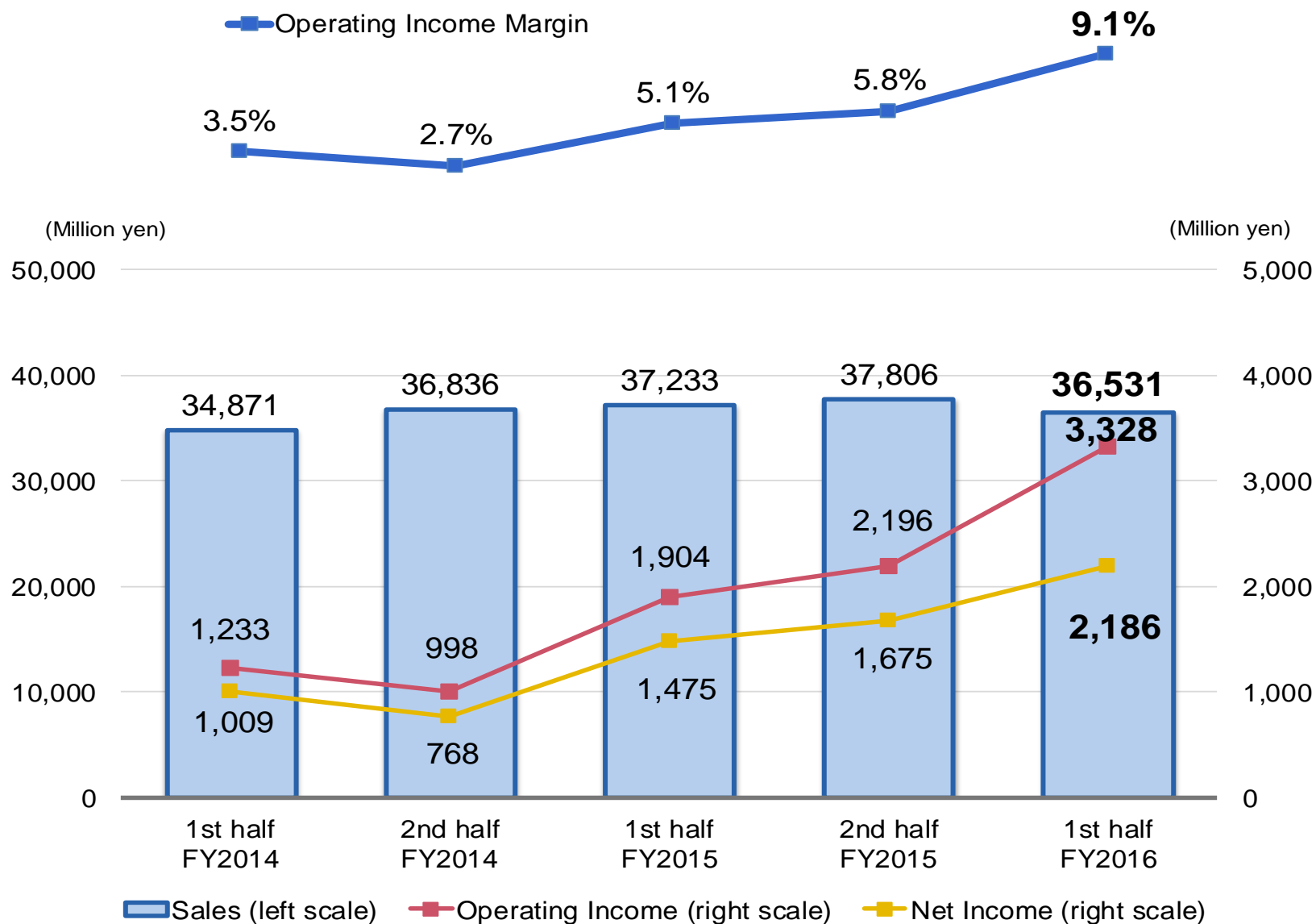
## 2. Summary of Consolidated Performance

(Million yen)

	1st half FY2015	1st half FY2016	Change	
Net Sales	37,233	36,531	Δ 702	Δ 1.9%
Operating Income	1,904	3,328	1,424	74.7%
Ordinary Income	2,181	2,898	717	32.9%
Net Income	1,475	2,186	711	48.1%
Net Income per Share (yen)	18.07	26.69	8.62	47.7%
Dividend per Share (yen)	4.50	6.00	1.50	33.3%
Exchange Rate (yen/US dollar)	Jan.-Jun. (Avg.)	120.23	-	-
	Apr.-Sept. (Avg.)	121.80	-	-

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)

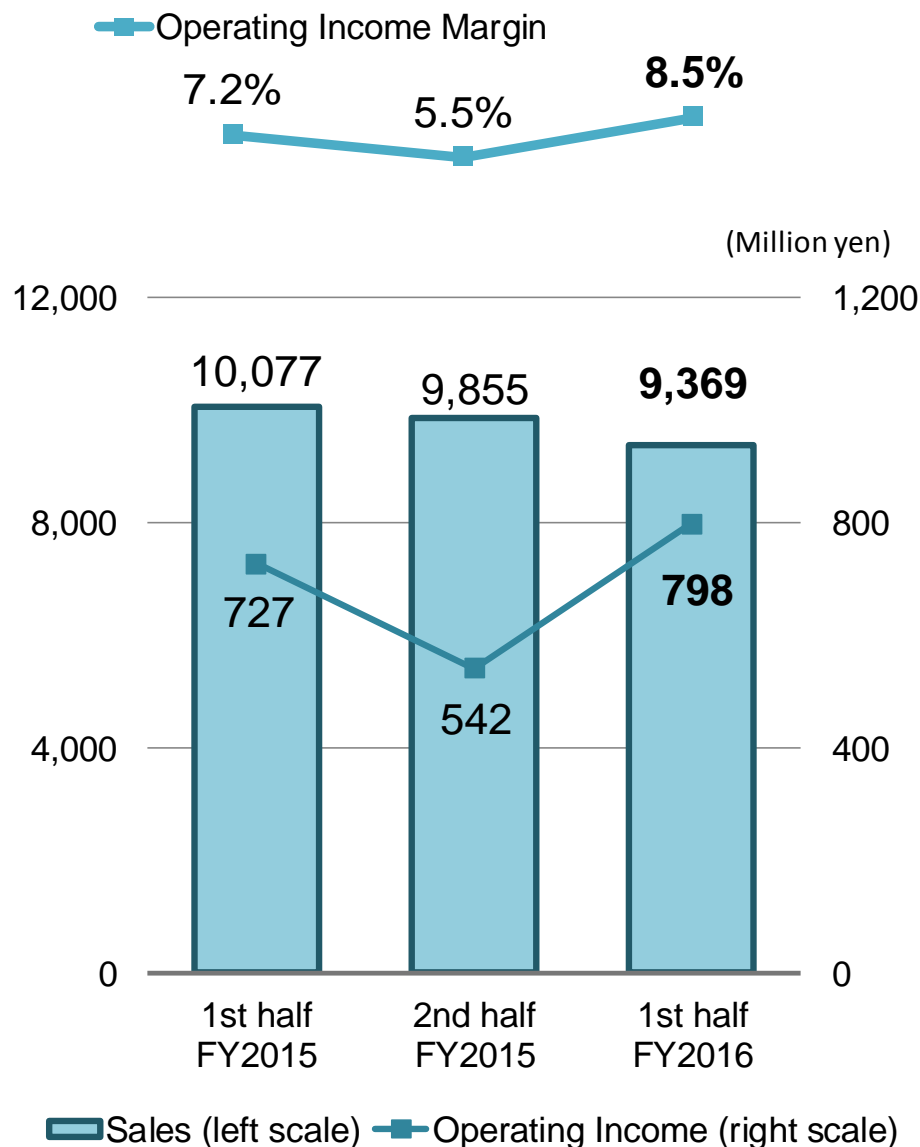
	Sales				Operating Income			
	1st half FY2015	1st half FY2016	Change		1st half FY2015	1st half FY2016	Change	
Electronic Devices	10,077	9,369	Δ 708	Δ 7.0%	727	798	71	9.8%
Precision Molding Products	15,115	15,466	351	2.3%	1,404	2,367	963	68.5%
Housing & Living Materials	8,967	8,461	Δ 506	Δ 5.6%	Δ 321	17	338	-
Others	3,072	3,234	162	5.3%	94	145	51	53.7%
<b>Total</b>	<b>37,233</b>	<b>36,531</b>	<b>Δ 702</b>	<b>Δ 1.9%</b>	<b>1,904</b>	<b>3,328</b>	<b>1,424</b>	<b>74.7%</b>

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 first half of 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 decreased.

### ■ Display-related products

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

### ■ Component-related products

Testing connectors for electronic components of smartphones levelled off.

# 5. Performance by Business Segment

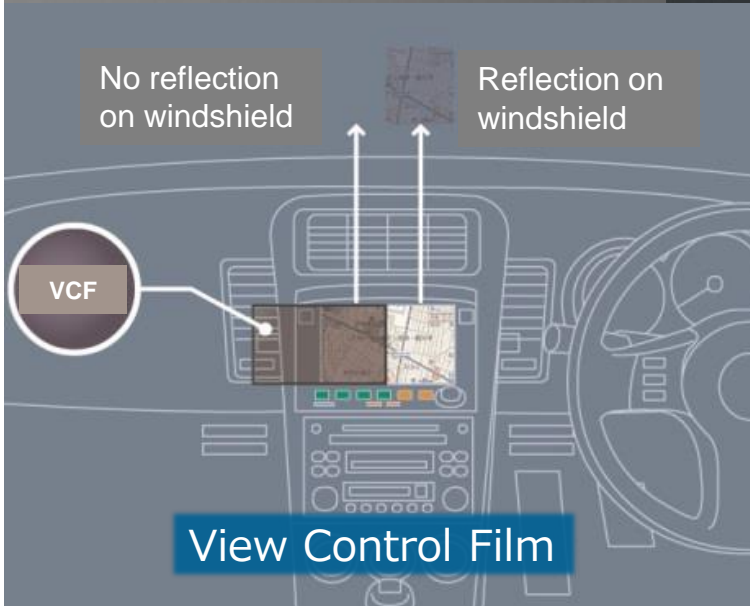
## Electronic Devices



Keypad switch (Automotive)



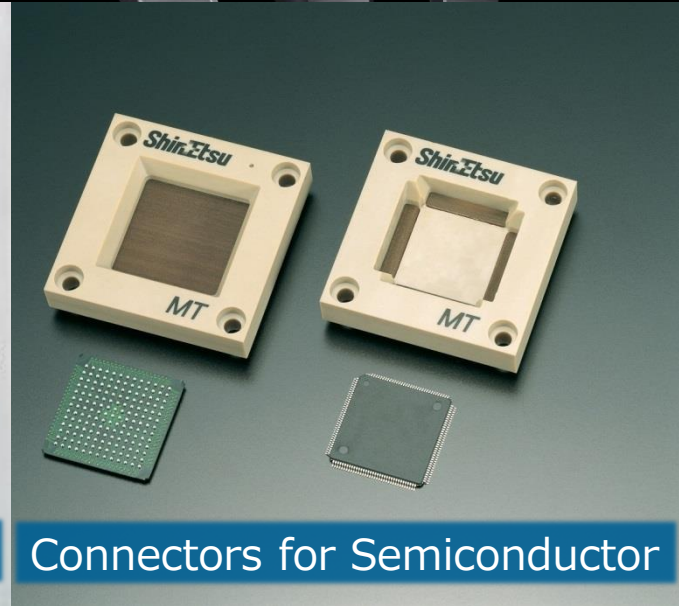
Touch switch (Automotive)



View Control Film



Connectors for LCD

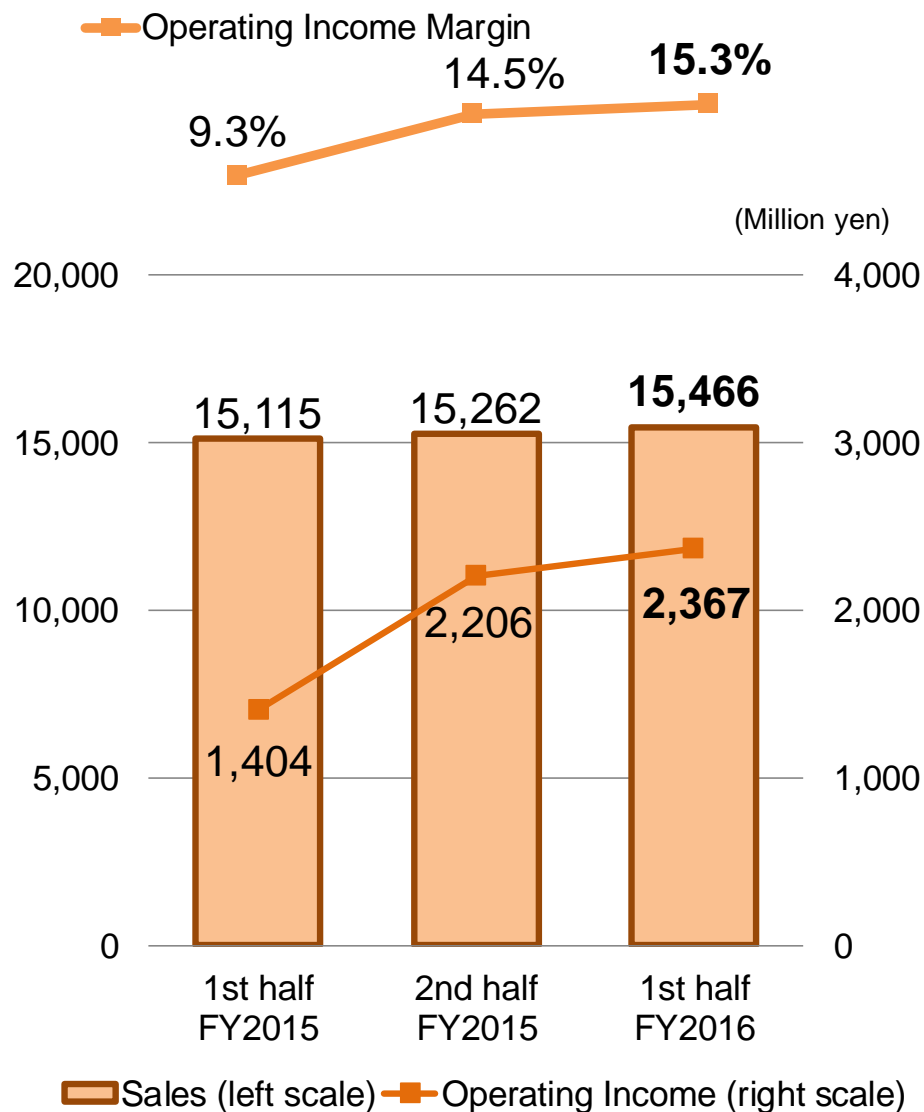


Connectors for Semiconductor



# 5. Performance by Business Segment

## Precision Molding Products



### ■ Semiconductor-related containers

Sales increased with strong demand in the semiconductor industry.

### ■ OA device components

Sales of products for key users decreased.

### ■ Carrier tapes

Lower sales due to demand for smartphones were stagnant.

### ■ Silicone rubber molded products

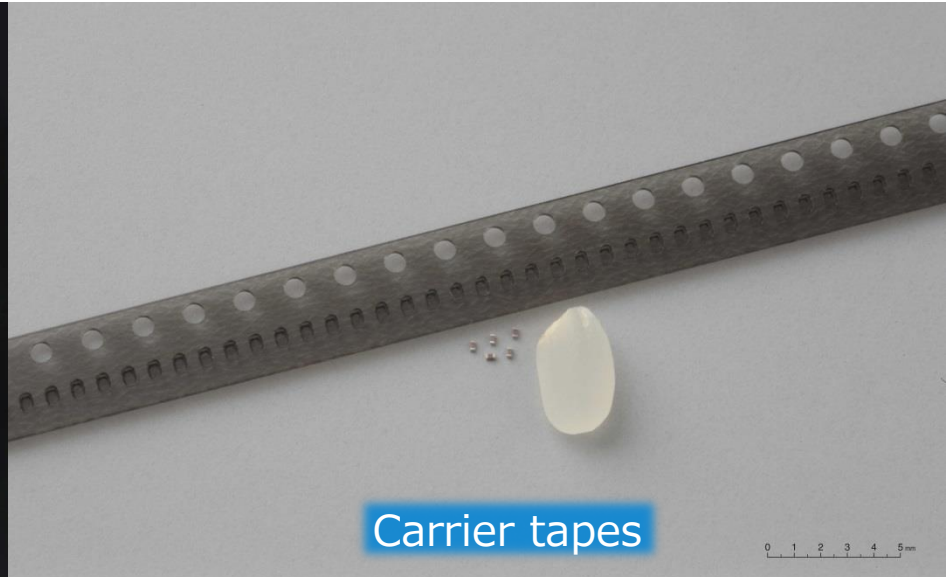
Sales of medical products and others remained solid generally.

# 5. Performance by Business Segment

## Precision Molding Products



Silicone wafer container



Carrier tapes



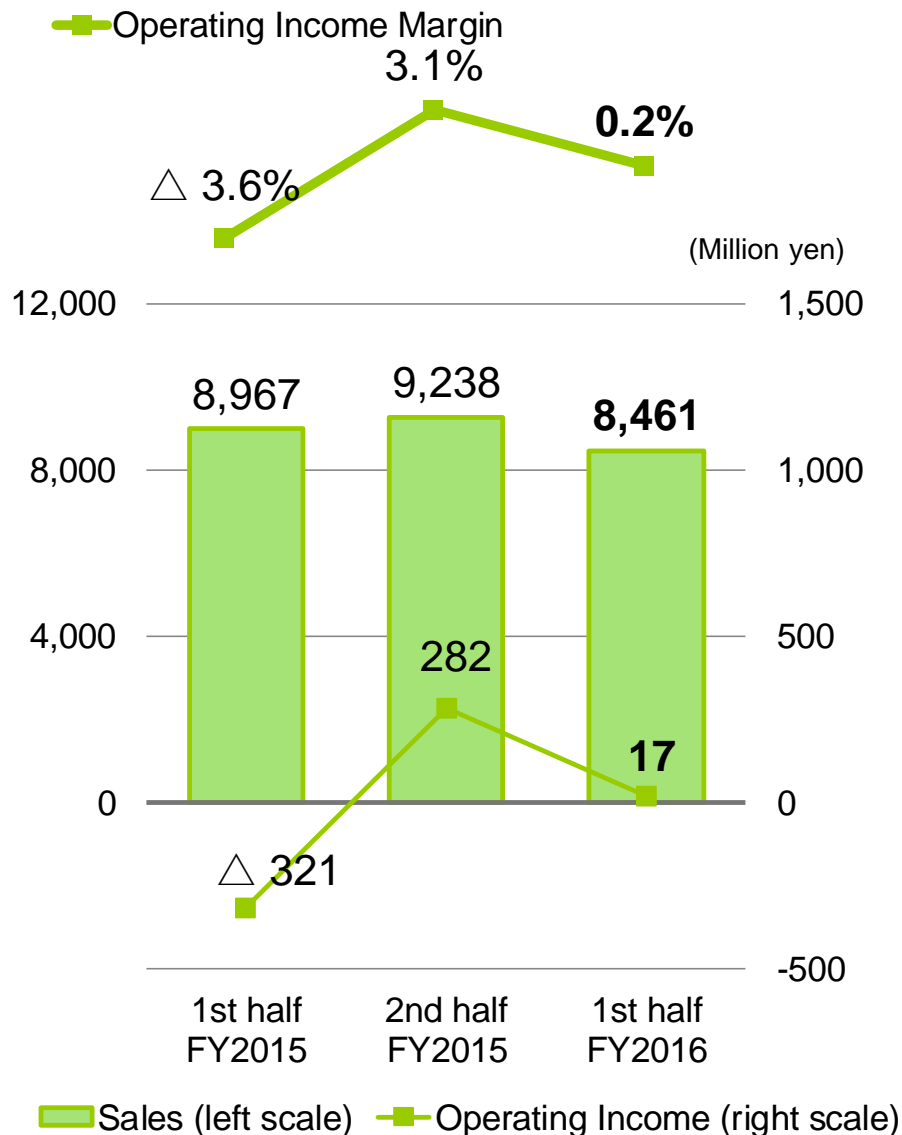
Rollers for OA devices



Medical equipment (Catheter)

# 5. Performance by Business Segment

## Housing & Living Materials



### ■ Wrapping films

Sales for food supermarkets recovered slightly while shipment to food services decreased.

### ■ PVC pipes and related products

Sales declined due to a slowdown in housing starts but profitability was improved.

### ■ Functional compounds

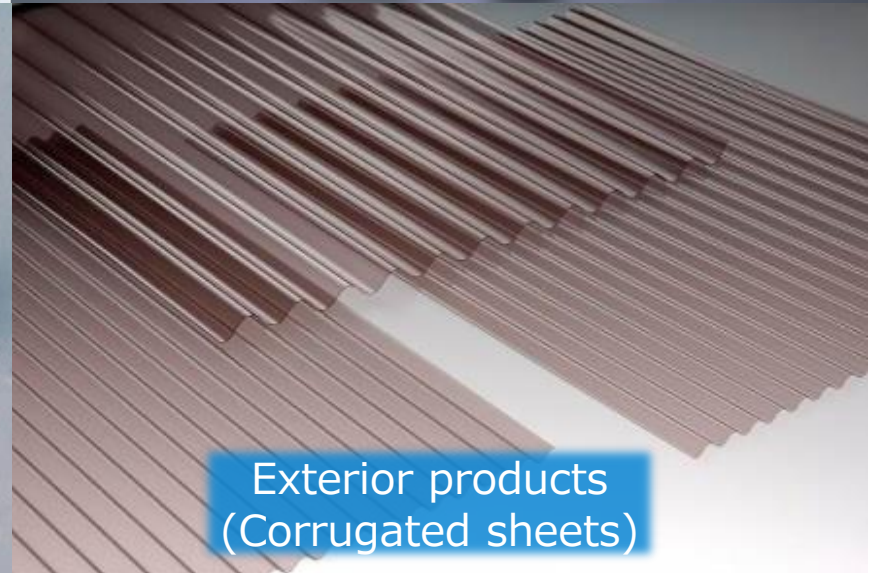
Sales for automotive were unstable and partially price cut was done due to crude oil weaker.

### ■ 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)		
		As of End of Mar. 2016	As of End of Sep. 2016	Change
<b>Current Assets</b>	Cash and deposits	38,725	36,752	△ 1,973
	Notes and accounts receivable—trade	17,037	17,644	607
	Inventory assets	9,367	8,387	△ 980
	Other	4,822	4,828	7
	<b>Total</b>	<b>69,953</b>	<b>67,614</b>	<b>△ 2,339</b>
<b>Noncurrent Assets</b>	Property, plant and equipment	19,771	19,268	△ 503
	Intangible assets	412	381	△ 31
	Other	2,708	2,585	△ 123
	<b>Total</b>	<b>22,892</b>	<b>22,235</b>	<b>△ 657</b>
<b>Total assets</b>		<b>92,845</b>	<b>89,849</b>	<b>△ 2,996</b>
<b>Current Liabilities</b>	Notes and accounts payable—trade	12,621	11,947	△ 674
	Short-term loans payable	0	0	0
	Other	7,411	7,584	173
	<b>Total</b>	<b>20,035</b>	<b>19,534</b>	<b>△ 501</b>
<b>Noncurrent Liabilities</b>	Long-term loans payable	0	0	0
	Net defined benefit liability	1,327	1,229	△ 98
	Other	228	316	88
	<b>Total</b>	<b>1,556</b>	<b>1,545</b>	<b>△ 11</b>
<b>Total liabilities</b>		<b>21,592</b>	<b>21,080</b>	<b>△ 512</b>
<b>Total net assets</b>		<b>71,253</b>	<b>68,769</b>	<b>△ 2,484</b>
<b>Total liabilities and net assets</b>		<b>92,845</b>	<b>89,849</b>	<b>△ 2,996</b>

# 6. Financial Statements

## Comparative Statement of Income

(Million yen)

	1st half FY2015	1st half FY2016	Change	
<b>Net sales</b>	<b>37,233</b>	<b>36,531</b>	<b>Δ 702</b>	<b>Δ 1.9%</b>
Cost of sales	27,005	24,733	Δ 2,272	Δ 8.4%
Selling, general and administrative expenses	8,322	8,470	148	1.8%
<b>Operating income</b>	<b>1,904</b>	<b>3,328</b>	<b>1,424</b>	<b>74.7%</b>
Non-operating income	446	154	Δ 292	Δ 65.5%
Non-operating expenses	170	584	414	243.5%
<b>Ordinary income</b>	<b>2,181</b>	<b>2,898</b>	<b>717</b>	<b>32.9%</b>
Extraordinary loss	53	0	Δ 53	Δ 100.0%
<b>Income before income taxes and minority interests</b>	<b>2,128</b>	<b>2,898</b>	<b>770</b>	<b>36.2%</b>
Income taxes—current	676	744	68	10.1%
Income taxes—deferred	Δ 21	Δ 32	Δ 11	-
Minority interests	Δ 2	0	2	-
<b>Net income</b>	<b>1,475</b>	<b>2,186</b>	<b>711</b>	<b>48.1%</b>

# 6. Financial Statements

## Cash Flow Statement

(Million yen)

	1st half FY2015	1st half FY2016
Cash flow provided by (used in) operating activities	3,141	3,269
Net cash provided by (used in) investing activities	△ 1,264	△ 1,911
Net cash provided by (used in ) financing activities	△ 293	△ 366
Cash and cash equivalents at end of period	36,301	33,626

## 7. Performance Forecast

(Million yen)

	FY2015	FY2016 (Forecast)	Change	
Net Sales	75,039	76,000	961	1.3%
Operating Income	4,101	5,300	1,199	29.2%
Ordinary Income	4,532	5,000	468	10.3%
Current Net Income	3,151	3,400	249	7.9%
Current Net Income per Share (yen)	38.55	41.50	2.95	7.7%
Annual Dividend per Share (yen)	9.0	12.0	3.0	33.3%



## 8. Performance Forecast by Business Segment

(Million yen)

	Sales				Operating Income			
	FY2015	FY2016 (Forecast)	Change		FY2015	FY2016 (Forecast)	Change	
Electronic Devices	19,933	19,000	Δ 933	Δ 4.7%	1,269	1,400	131	10.3%
Precision Molding Products	30,377	31,800	1,423	4.7%	3,611	4,000	389	10.8%
Housing & Living Materials	18,205	18,200	Δ 5	Δ 0.0%	Δ 39	0	39	-
Others	6,522	7,000	478	7.3%	Δ 740	Δ 100	640	-
<b>Total</b>	<b>75,039</b>	<b>76,000</b>	<b>961</b>	<b>1.3%</b>	<b>4,101</b>	<b>5,300</b>	<b>1,199</b>	<b>29.2%</b>

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 first half of the prior consolidated fiscal year.

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

(Million yen)

	FY2013	FY2014	FY2015	FY2016 (Forecast)
Capital Expenditure	2,571	3,877	4,424	4,000
Depreciation	3,039	3,868	3,315	3,200
R&D Costs	2,807	3,225	3,609	3,600



# Company Overview

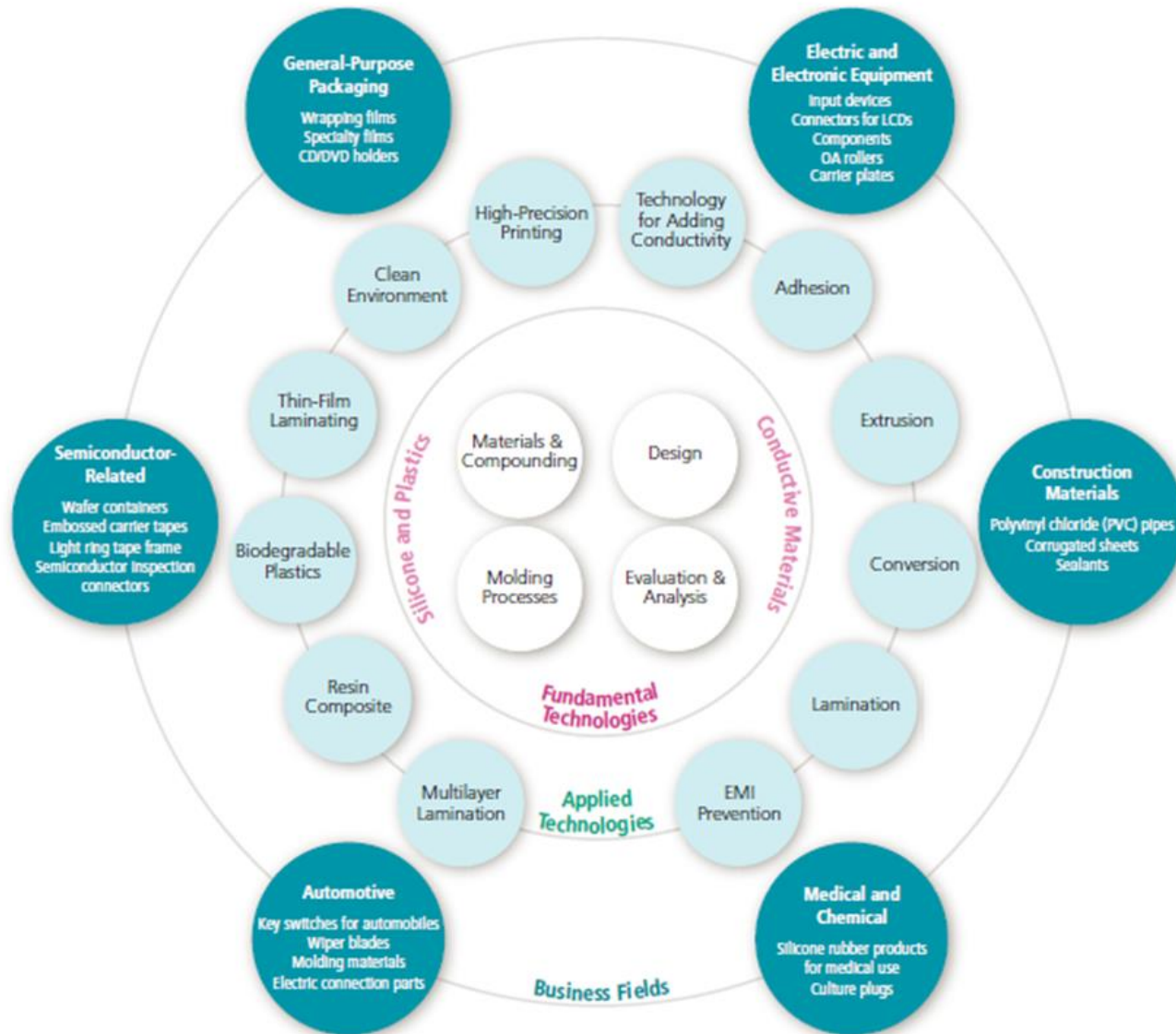
**Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications for our fundamental technologies using silicone and various plastics involving materials and compounding, design, molding processes, and evaluation and analysis.**

**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>	17
<b>Number of employees</b>	4,110 (consolidated), 610 (non-consolidated) (As of September 30, 2016)

# Company Overview

## Technological Development



We develop products in a wide array of fields utilizing our technological strengths as a manufacturer of molded plastic products.

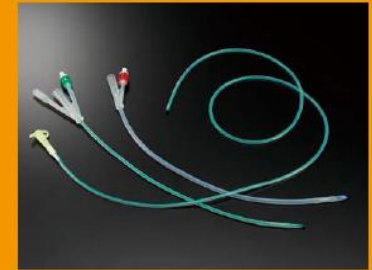
### Electronic Devices

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



### Precision Molding Products

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

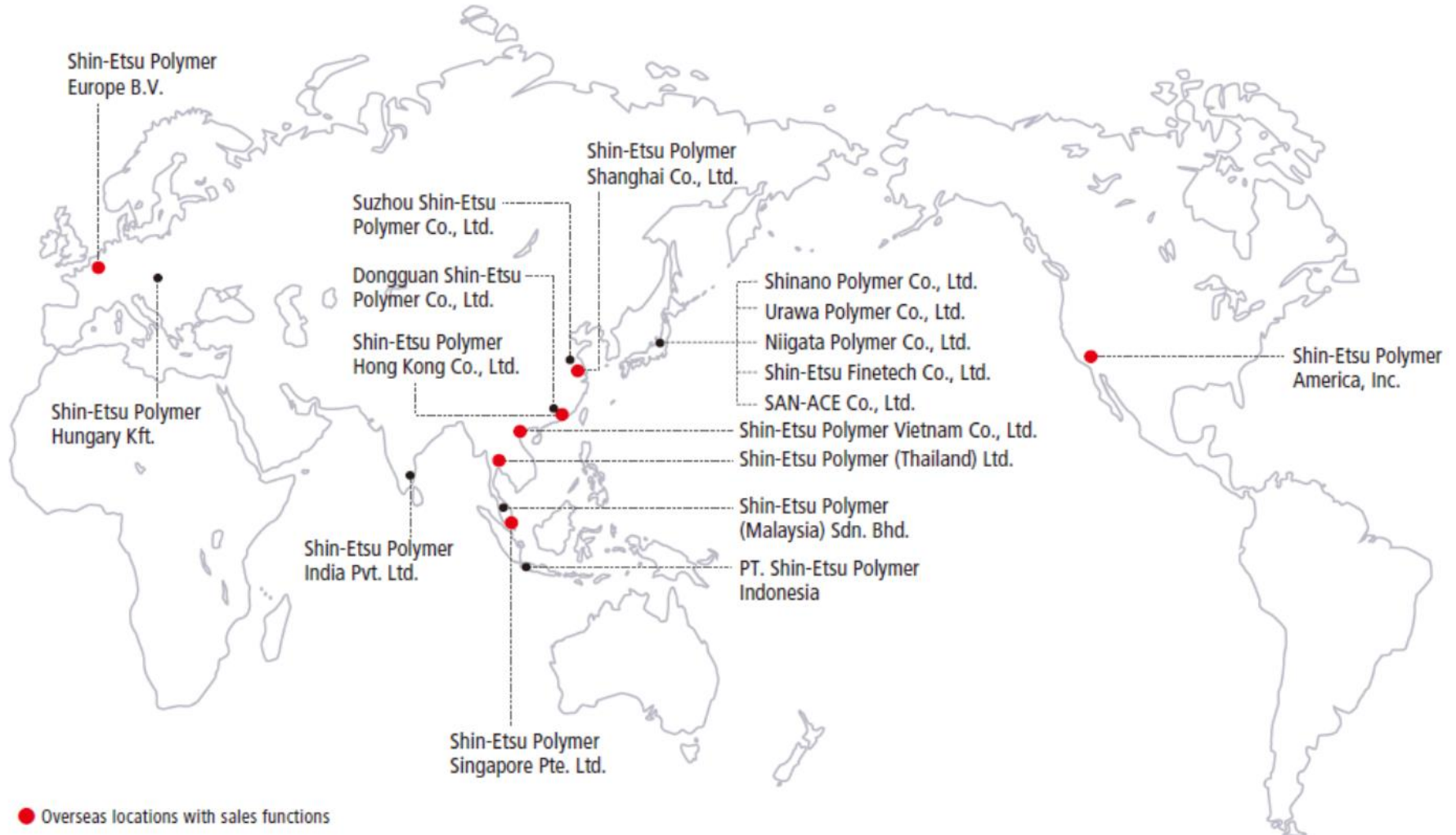


### Housing and Living Materials

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



# Ability to Meet Global Needs





# Reference Materials



# Reference Materials

## Financial Summary

(Million yen)

	FY2011	FY2012	FY2013	FY2014	FY2015
Net sales	62,650	60,669	67,332	71,707	75,039
Operating income	1,071	944	1,314	2,231	4,101
Ordinary income	1,248	1,291	1,662	2,865	4,532
Current net income	304	210	720	1,777	3,151
Total assets	81,017	81,342	88,644	93,889	92,845
Net assets	60,749	63,020	68,088	72,250	71,253
Equity ratio	73.9%	76.4%	75.7%	76.0%	76.7%
Current net income per share(yen)	3.74	2.59	8.86	21.85	38.55
Annual dividend per share(yen)	9.00	9.00	9.00	9.00	9.00
Operating margin	1.7%	1.6%	2.0%	3.1%	5.5%
ROE - Return (Net income) on equity)	0.5%	0.3%	1.1%	2.6%	4.4%
ROA - Return (Ordinary income) on assets	1.5%	1.6%	2.2%	3.1%	4.9%
Number of employees	3,665	3,547	3,628	3,962	3,942

# Reference Materials

## Quarterly Changes by Business Segment

(Million yen)

		FY2015						FY2016		
		1Q	2Q	1st half	3Q	4Q	2nd half	1Q	2Q	1st half
<b>Electronic Devices</b>	Net Sales	4,810	5,267	10,077	5,005	4,850	9,855	4,572	4,796	9,369
	Operating Income	200	526	727	438	104	542	248	549	798
<b>Precision Molding Products</b>	Net Sales	7,488	7,627	15,115	7,941	7,320	15,262	7,651	7,814	15,466
	Operating Income	733	670	1,404	910	1,295	2,206	1,217	1,149	2,367
<b>Housing &amp; Living Materials</b>	Net Sales	4,319	4,647	8,967	4,959	4,278	9,238	4,145	4,315	8,461
	Operating Income	△ 231	△ 89	△ 321	119	162	282	54	△ 36	17
<b>Others</b>	Net Sales	1,522	1,550	3,072	1,810	1,640	3,450	1,566	1,667	3,234
	Operating Income	50	44	94	△ 466	△ 368	△ 835	124	20	145
<b>Total</b>	Net Sales	18,140	19,092	37,233	19,715	18,090	37,806	17,937	18,594	36,531
	Operating Income	753	1,151	1,904	1,002	1,193	2,196	1,645	1,682	3,328

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.

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## **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.