



SHIFT 2019 –Fusion–

SEKISUI CHEMICAL CO., LTD.

Presentation of Financial Results and
Progress under Management Plan
for the Second Quarter of Fiscal Year 2019, which ending March 31, 2020

Teiji Koge
President

30 October, 2019

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Results for 1H FY2019

Forex Rate	1H FY2018	1H FY2019	FY2019 Initial Plan
Assumption	¥109/US\$ ¥132/€	¥109/US\$ ¥124/€	¥110/US\$ ¥125/€
Results (Avg. rate for each term)	¥110/US\$ ¥130/€	¥109/US\$ ¥121/€	-

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Overview of 1H FY2019 Results

- Sales and operating income came in at essentially the same levels as the previous year against the backdrop of a harsh business environment
- Decreases in ordinary income and the bottom line due mainly to the impact of fluctuations in foreign currency exchange rates
- Bottom line exceeded plans

(Billions of yen)	1H FY2018	1H FY2019	Difference	1H FY2019 Plan (July 2019)	Difference
Net Sales	554.9	556.5	+1.6	564.0	-7.5
Operating Income	42.2	41.5	-0.7	43.0	-1.5
Ordinary Income	45.9	42.1	-3.7	43.0	-0.9
Net Income Attributable to Owners of the Parent	32.6	29.6	-2.9	29.0	+0.6
Dividend per Share (Yen)	21	23	+2	23	0

1H FY2019 Results: Net Sales and Operating Income by Divisional Company

- Despite a decrease in HPP Company profit due to the impact of fluctuations in foreign currency exchange rates as well as a slowdown in the global economy, firm domestic demand in the Housing and UIEP companies. Sales and operating income came in at essentially the same levels as the previous year on a Group-wide basis
 - HPP: Results impacted by fluctuations in foreign currency exchange rates as well as a prolonged downturn in smartphone and automobile market conditions; decrease in profit
 - Housing: Despite the effects of natural disasters (leading primarily to delays in construction), secured increases in sales and profit
 - UIEP: Against the backdrop of firm public sector and non-residential facility domestic demand, increases in sales and profit; record high profit for the 1H

(Billions of yen)	1H FY2018		1H FY2019		Difference		1H FY2019 Plan (July 2019)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP*	171.3	23.1	160.4	19.7	-10.8	-3.3	165.0	20.5	-4.6	-0.8
Housing*	246.9	17.2	256.9	18.6	+10.1	+1.4	257.0	19.0	-0.1	-0.4
UIEP*	111.0	4.3	113.2	5.4	+2.2	+1.1	114.0	6.0	-0.8	-0.6
Medical**	34.2	4.4	34.3	4.4	0	0	35.0	4.4	-0.7	0
Other	2.7	-5.7	2.4	-5.3	-0.3	+0.3	3.5	-5.2	-1.1	-0.1
Eliminations or Unallocatable Accounts	-11.1	-1.2	-10.7	-1.4	+0.4	-0.2	-10.5	-1.7	-0.2	+0.3
Total	554.9	42.2	556.5	41.5	+1.6	-0.7	564.0	43.0	-7.5	-1.5

*HPP: High Performance Plastics Company, Housing: Housing Company, UIEP: Urban Infrastructure & Environmental Products Company

**The Medical Business separated from the HPP Company from FY2019.

1Q & 2Q FY2019 Results: Net Sales and Operating Income by Divisional Company

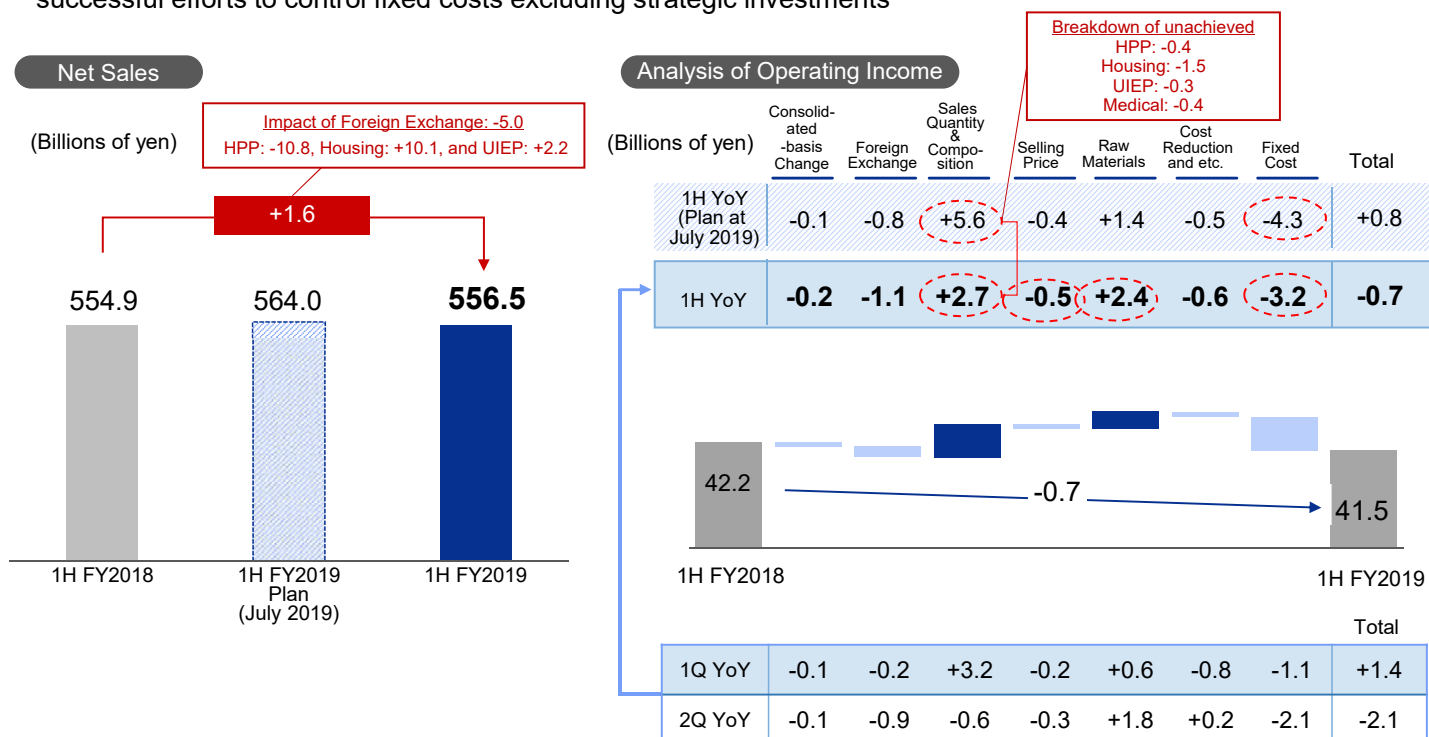
Amid the slow positive turnaround in global market conditions, HPP Company recovered to the same levels as the previous year in the 2Q; firm domestic demand trends in the Housing and UIEP companies

- HPP: Despite a decrease in profit in the 1Q, operating income recovered to the same levels as the previous year in the 2Q
- Housing: Leveling out of 1Q versus 2Q sales
- UIEP: Secured increases in sales and profit in both the 1Q and 2Q; substantial increase in profit in the 2Q
- Other / Eliminations or Unallocatable Accounts: Efforts to promote the selection and concentration of research and development themes in progress

(Billions of yen)	1Q FY2018		1Q FY2019		2Q FY2018		2Q FY2019	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	84.7	11.5	78.6	9.0	86.6	11.6	81.9	10.8
Housing	94.0	-1.6	107.4	2.4	152.8	18.7	149.5	16.1
UIEP	50.6	1.1	51.3	1.5	60.4	3.2	61.9	4.0
Medical	16.4	1.7	16.3	1.7	17.8	2.7	18.0	2.7
Other	1.3	-2.6	1.2	-2.7	1.4	-3.1	1.2	-2.7
Eliminations or Unallocatable Accounts	-5.0	-0.8	-5.1	-1.1	-6.1	-0.4	-5.6	-0.3
Total	241.9	9.4	249.7	10.8	313.0	32.7	306.9	30.7

1H FY2019 Results: Analysis of Net Sales and Operating Income

Against the backdrop of harsh market conditions and foreign currency exchange rates as well as an overall difficult business environment, secured increases in sales volumes and improvements in the product mix compared with the previous year; positive flow-on effects attributable to soft raw material prices and successful efforts to control fixed costs excluding strategic investments



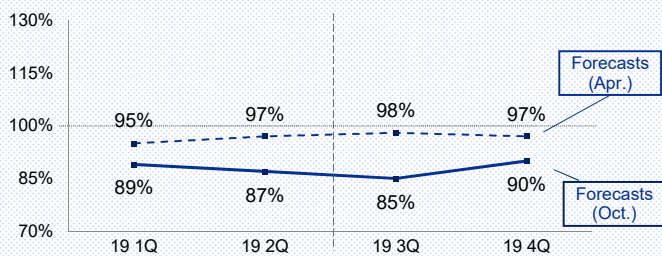
2H FY2019 Forecasts and Revised Annual Plan

Forex Rate	2H FY2018	2H FY2019 Plan	FY2019 Initial Plan
Assumption	¥112/US\$ ¥128/€	¥106/US\$ ¥118/€	¥110/US\$ ¥125/€
Results (Avg. rate for each term)	¥112/US\$ ¥127/€	-	-

2H FY2019 Plan: Outlook for Market Conditions

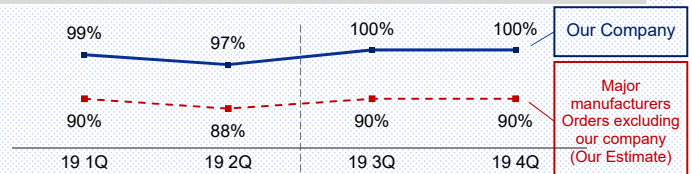
Smartphone Shipments (YoY)

Trends indicate a substantial shortfall compared with forecast at the beginning of the period (April); a major recovery in the 2H is also not expected



New Housing Orders Results/Plan (YoY)

Secured orders in excess of the market in the 1H; looking to again secure orders in excess of the market in the 2H

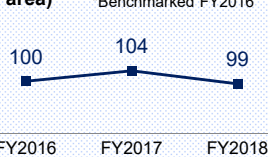


Construction Starts

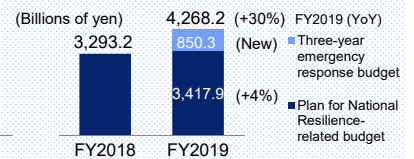
Firm non-residential construction starts mainly in metropolitan areas; increase in public sector budgets relating to the Plan for National Resilience

* Timing when demand for each of the UIEP Company's products can be expected to emerge: From six months after the start of residential construction and from one year for the start of non-residential construction

(Non-residential construction starts floor area)

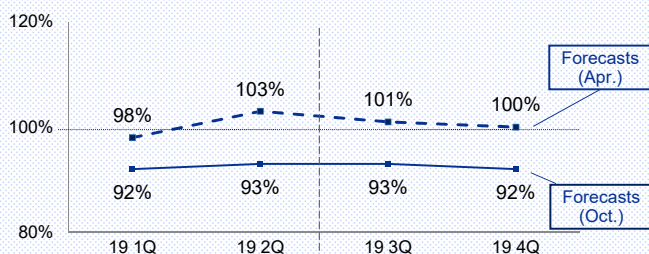


(Public works-related budget)



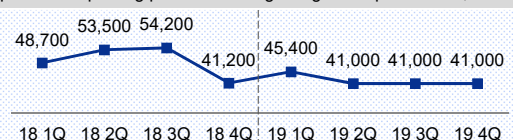
Number of Automobiles Manufactured (YoY)

Trends indicate a substantial shortfall compared with forecast at the beginning of the period (April) in each region due to variety of factors including the impact of trade friction between China and the United States; a major recovery in the 2H is also not expected



Domestic Naphtha Price

Assumption underpinning 2H plans: ¥41,000/KL (assumption underpinning plans at the beginning of the period: ¥43,000/KL)



2H FY2019 Revised Plan: Net Sales and Operating Income by Divisional Company

■ HPP Company to shift to an increase in profit; each divisional company and the Medical Business to work toward record profits in the 2H

- HPP: Despite a decline in sales due largely to the impact of fluctuations in foreign currency exchange rates, increase in sales volumes and improvement in the product mix mainly in the three strategic fields; shift to an increase in profit as a result of the positive flow-on effects attributable to soft raw material prices and successful efforts to control fixed costs
- Housing: Continued increase in sales and profit owing to a substantial increase in the number of houses sold
- UIEP: Thanks largely to growth in prioritized products in Japan, and railway sleeper application FFU products providing the impetus for growth in overseas, continued increase in sales and profit
- Medical: Substantial increase in profit due to diagnostics business expansion in Japan and overseas

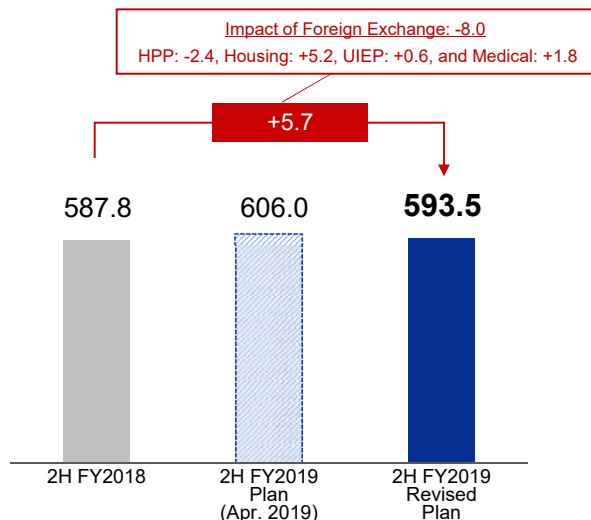
(Billions of yen)	2H FY2018		2H FY2019 Revised Plan		Difference		2H FY2019 Plan (Apr. 2019)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	170.0	21.8	167.6	25.3	-2.4	+3.5	179.5	26.9	-11.9	-1.6
Housing	259.9	21.8	265.1	21.9	+5.2	+0.1	265.0	22.0	+0.1	-0.1
UIEP	128.2	10.7	128.8	11.6	+0.6	+0.9	131.0	12.1	-2.2	-0.5
Medical	36.5	5.2	38.2	6.1	+1.8	+0.9	38.0	6.0	+0.2	+0.1
Other	3.4	-5.4	3.1	-4.6	-0.3	+0.9	3.0	-5.0	+0.1	+0.4
Eliminations or Unallocatable Accounts	-10.2	-0.5	-9.3	-1.7	+0.9	-1.2	-10.5	-2.0	+1.2	+0.3
Total	587.8	53.5	593.5	58.5	+5.7	+5.0	606.0	60.0	-12.5	-1.5

2H FY2019 Revised Plan: Analysis of Net Sales and Operating Income

- Projecting a substantial increase in sales volumes and improvement in the product mix by increasing its market share in mainstay products and realizing the effects of strategic investment in the HPP Company. Increasing the number of houses sold in the Housing Company, and expanding sales of high-value-added products in the UIEP Company
- Against the backdrop of an anticipated delay in the recovery of market conditions, initiate cost innovations across the entire supply chain and thoroughly control fixed expenses
- Despite a decrease in profit due to the effects of fluctuations in foreign currency exchange rates, projecting a substantial increase in profit as the effects of soft raw material prices emerge and thoroughgoing cost reduction endeavors as well as substantial efforts to control fixed expenses take hold

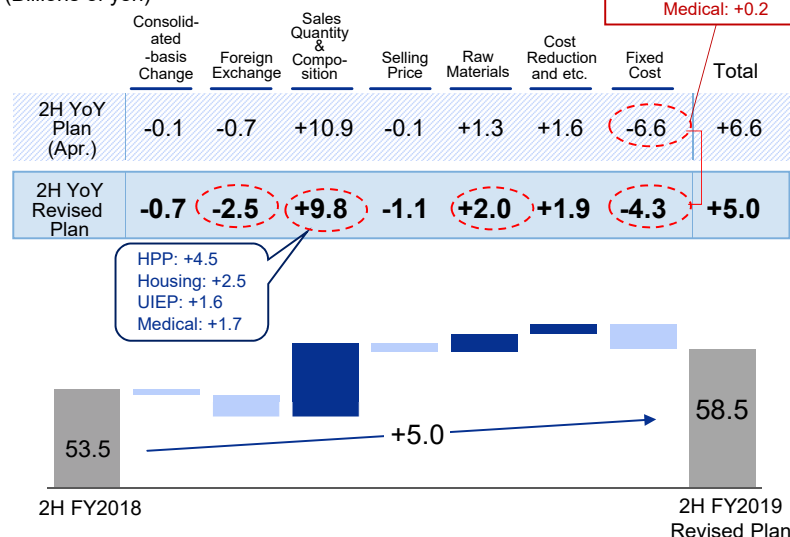
Net Sales

(Billions of yen)



Analysis of Operating Income

(Billions of yen)



FY2019 Revised Plan: Net Sales and Operating Income by Divisional Company

- Increase in earnings across each business segment; target record profits for the full fiscal year in the UIEP Company and Medical Business
- Pursue the selection and concentration of research and development themes; control head office costs
- While the HPP Company is expected to fall short of plans due to the substantial effects of fluctuations in foreign currency exchange rates and a slowdown in the economy, other business segments to either fall in line with or exceed plans

(Billions of yen)	FY2018		FY2019 Revised Plan		Difference		FY2019 Plan (Apr.2019)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	341.3	44.9	328.0	45.0	-13.3	+0.1	351.0	50.0	-23.0	-5.0
Housing	506.7	39.0	522.0	40.5	+15.3	+1.5	522.0	40.5	0	0
UIEP	239.2	15.0	242.0	17.0	+2.8	+2.0	244.0	17.0	-2.0	0
Medical	70.7	9.6	72.5	10.5	+1.8	+0.9	72.5	10.0	0	+0.5
Other	6.1	-11.1	5.5	-9.9	-0.6	+1.2	6.5	-10.3	-1.0	+0.4
Eliminations or Unallocatable Accounts	-21.3	-1.7	-20.0	-3.1	+1.3	-1.4	-21.0	-4.2	+1.0	+1.1
Total	1,142.7	95.7	1,150.0	100.0	+7.3	+4.3	1,175.0	103.0	-25.0	-3.0

Overview of FY2019 Revised Plan

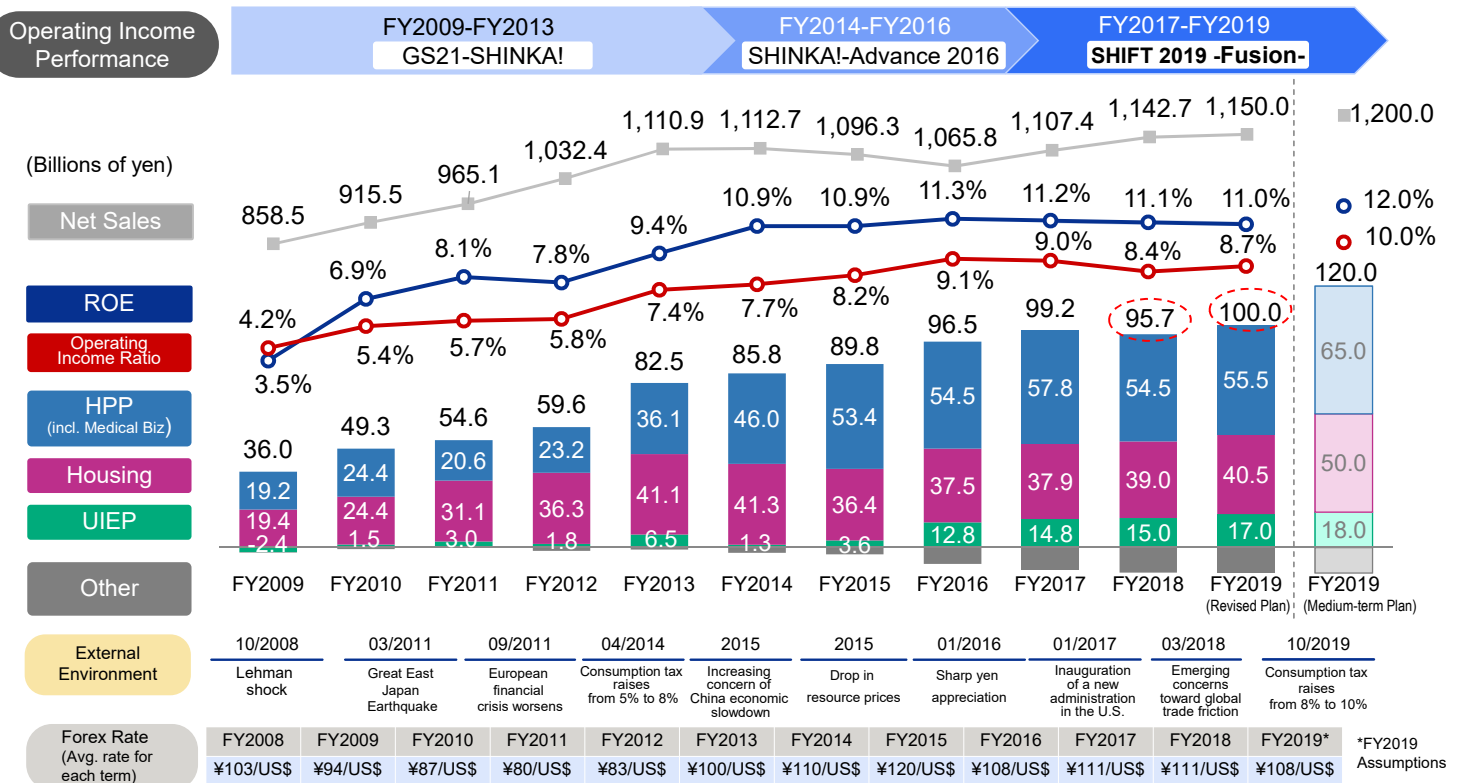
- Projecting an increase in sales and record highs at each level of profit
- Projecting a record high bottom line for a seventh consecutive fiscal year
- Increase in dividends for a tenth consecutive fiscal year

(Billions of yen)	FY2018	FY2019 Revised Plan	Difference	FY2019 Plan (Apr. 2019)	Difference
Net Sales	1,142.7	1,150.0	+7.3	1,175.0	-25.0
Operating Income	95.7	100.0	+4.3	103.0	-3.0
Ordinary Income	93.1	97.0	+3.9	100.0	-3.0
Net Income Attributable to Owners of Parent	66.1	67.0	+0.9	69.0	-2.0
Dividend per Share (Yen)	44	46	+2	46	0

Progress under Medium-term Management Plan

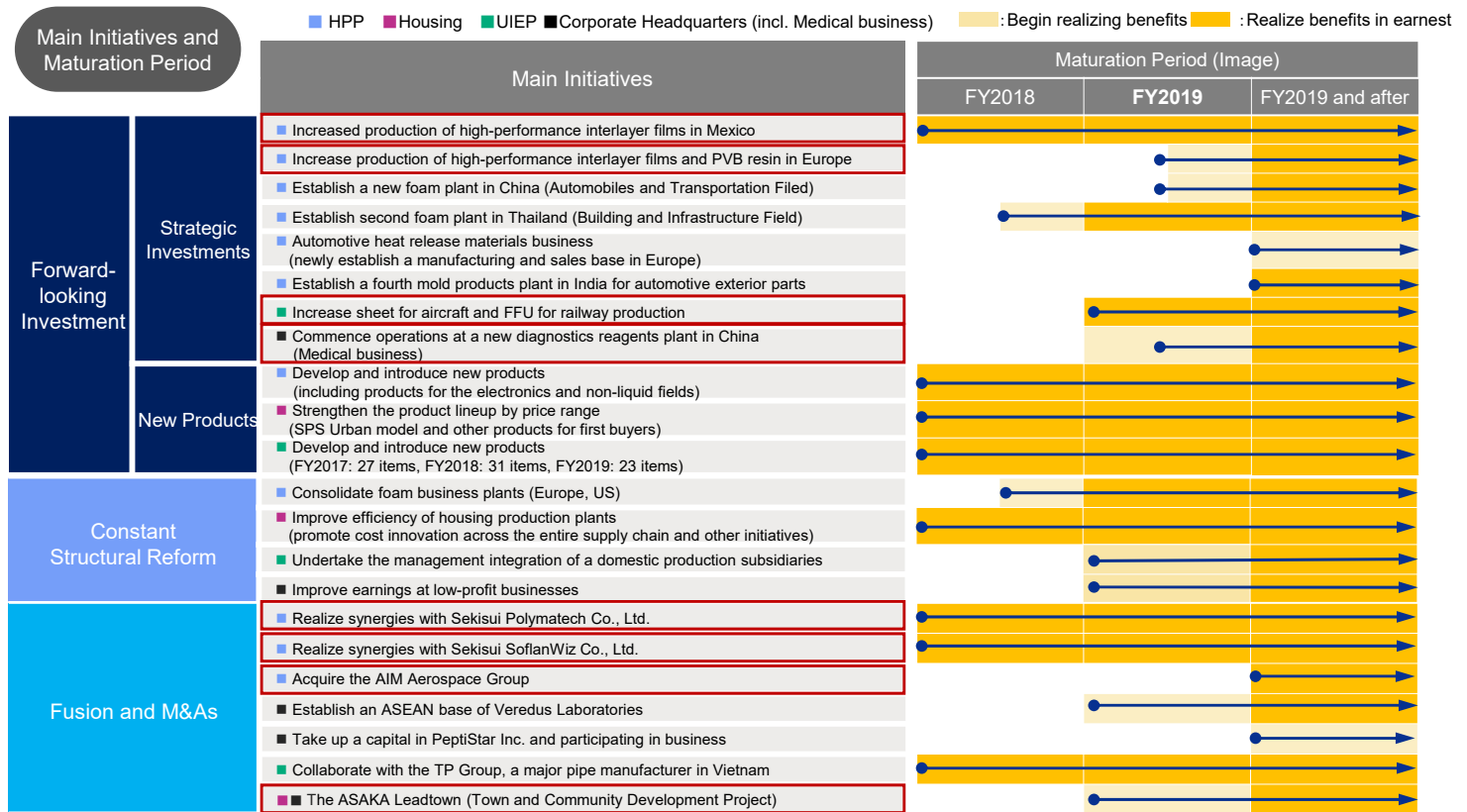
Progress under Medium-term Management Plan, *SHIFT 2019 -Fusion-*

■ Shift to an increase in profit and reach the operating income milestone of ¥100 billion in FY2019



Progress under Medium-term Management Plan, *SHIFT 2019 -Fusion-*

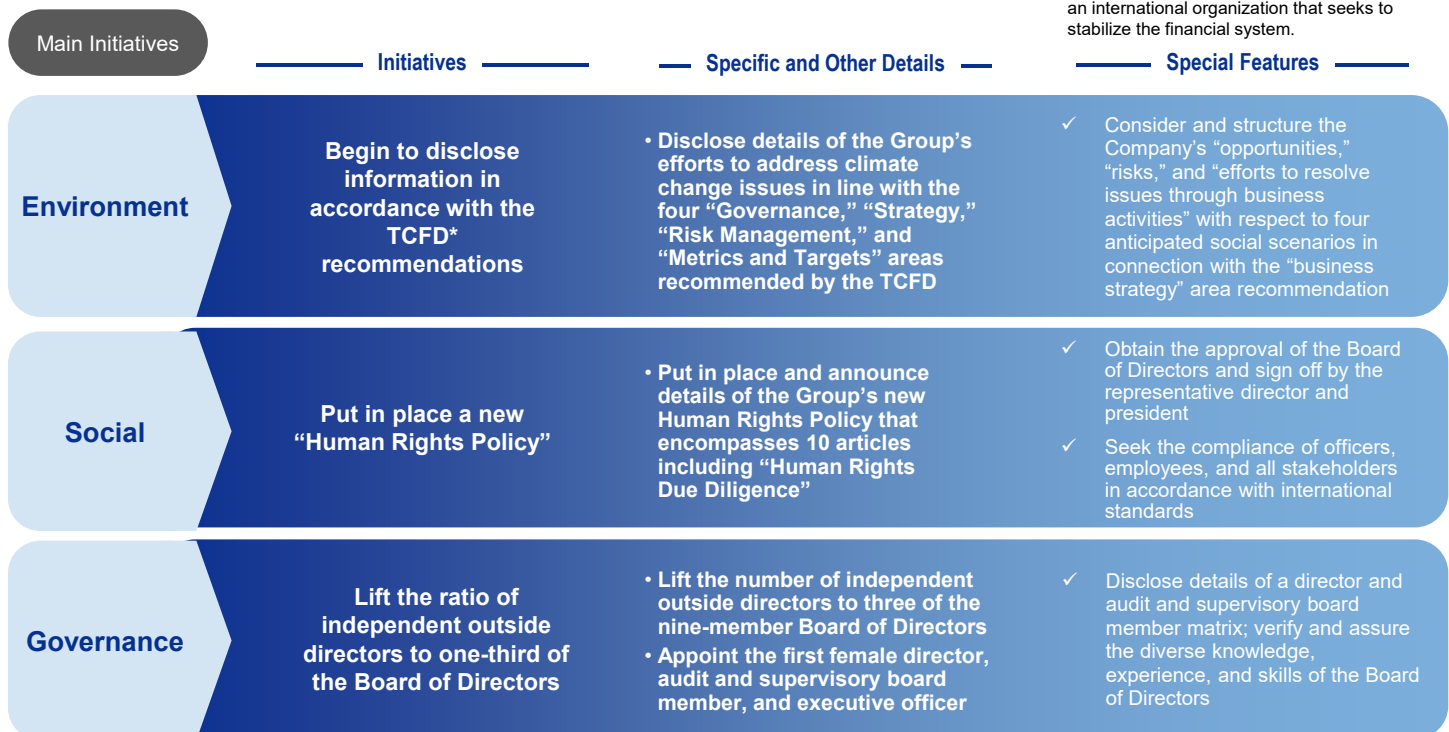
Steady progress in implementing growth investments, “fusion” and M&As; promoting cost innovations across the entire supply chain



*Items bordered in red in particular have a significant impact on earnings

Progress in Implementing ESG Initiatives

Begin new initiatives in each of the ESG fields; work toward appropriate improvements in a bid to ensure effectiveness going forward

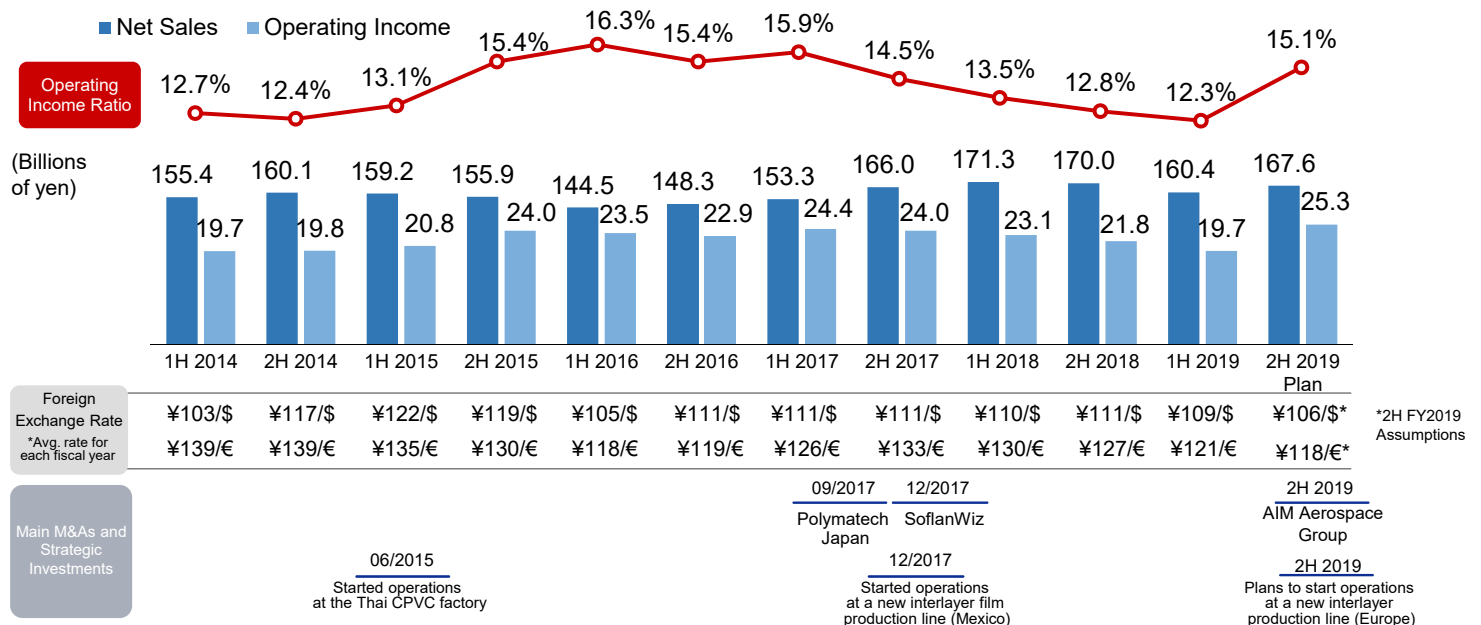


Overview of 1H FY2019 Results

HPP Company

- Despite a decrease in total 1H profit due in large part to the substantial impact of a downturn in 1Q profit, 2Q results recovered to the same level of the previous year
- Shift to an increase in profit in the 2H due to successful efforts aimed at increasing market share, soft raw material prices, and positive steps to reduce costs; projecting an increase in profit for the full fiscal year
- Preparations for growth are on track (M&As and strategic investments) aimed at securing medium- to long-term growth

Performance Trends

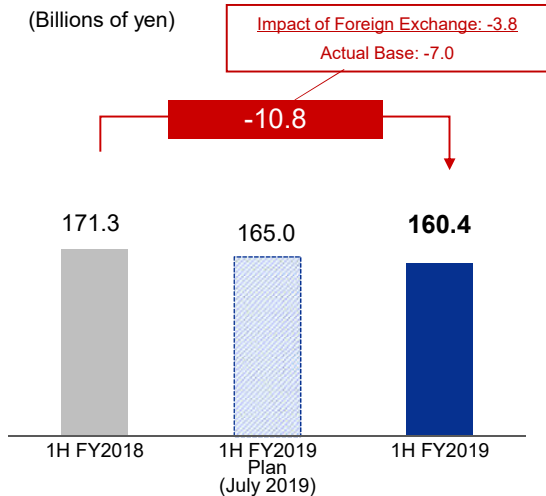


1H FY2019 Results: Analysis of Net Sales and Operating Income

- Despite a YoY downturn in sales volume and improvements in the product mix in the 1H, trends bottomed out in the 1Q and exhibited a positive turnaround in the 2Q
- Operating income in the 2Q recovered to the same level of the previous year after excluding one-time acquisition-related expenses and the impact of fluctuations in foreign currency exchange rates

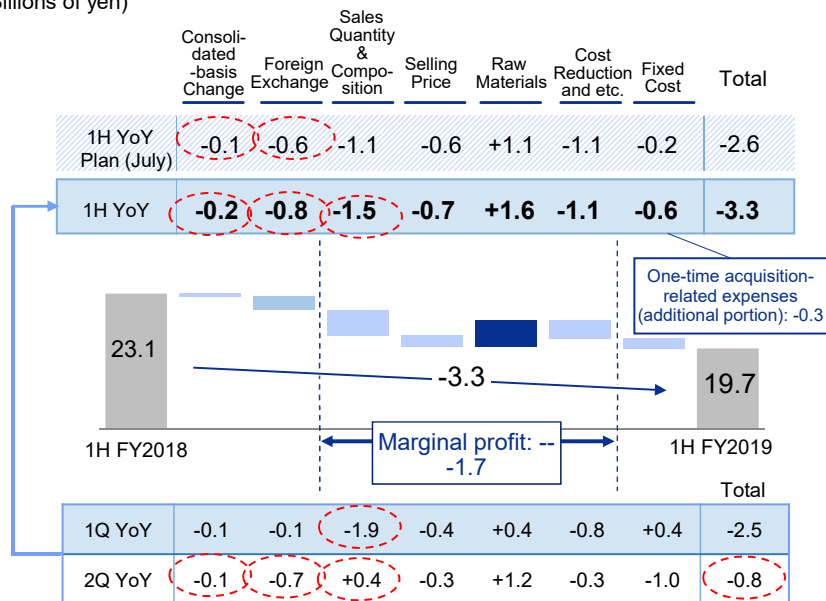
Net Sales

(Billions of yen)



Analysis of Operating Income

(Billions of yen)

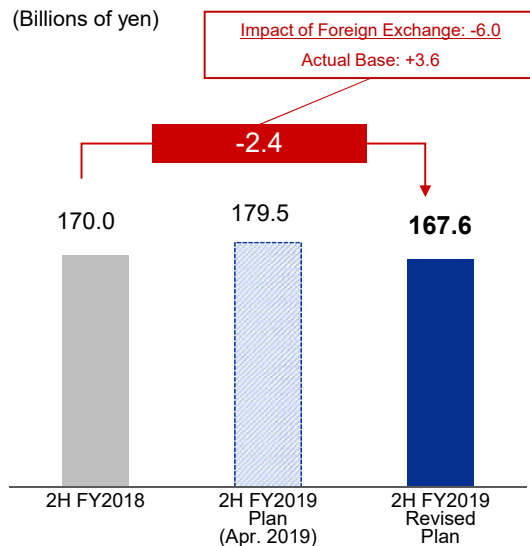


2H FY2019 Plan: Analysis of Net Sales and Operating Income

- Factor in expectations that market conditions will be slow to recover; downward revision of 2H operating income due to the impact of fluctuations in foreign currency exchange rates and changes attributable to consolidation
- In addition to emergency fixed cost measures, initiate cost innovations across the entire supply chain
- In addition to the impact of soft raw material prices, projecting a substantial increase in profit due to increases in sales volumes and improvements in the product mix as a result of successful efforts to increase market share

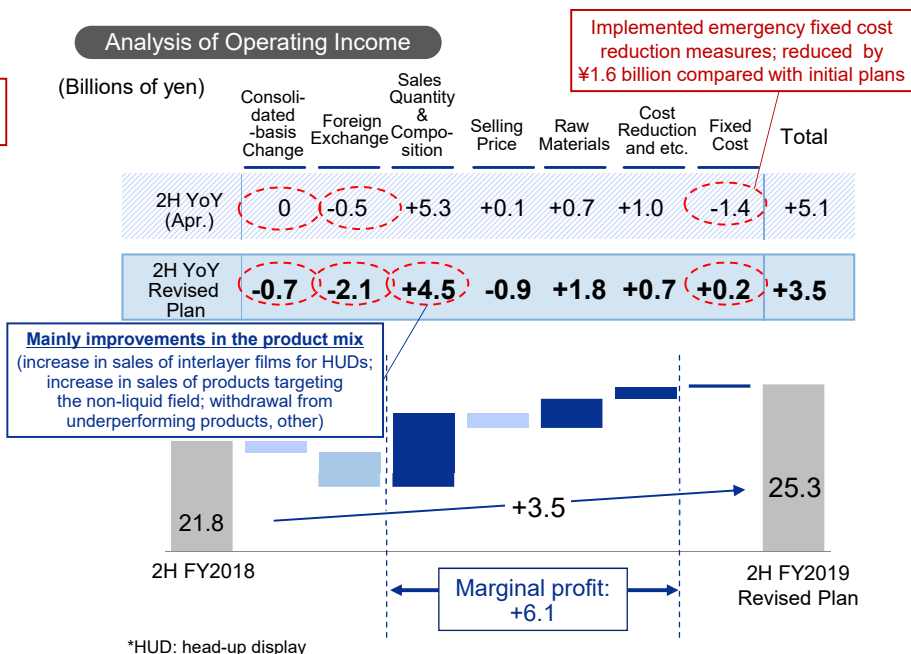
Net Sales

(Billions of yen)



Analysis of Operating Income

(Billions of yen)



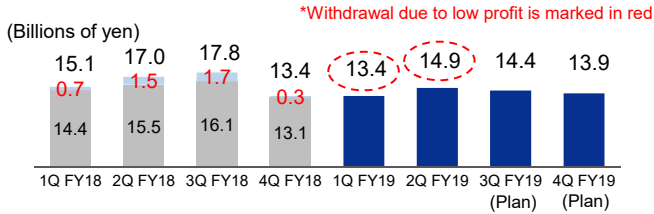
■ Results bottomed out in the 2Q in all three strategic fields; work to increase market share of products in which the Company maintains a competitive advantage from the 3Q; work to achieve plans mainly as the effects of strategic investments emerge

Net Sales in the Three Strategic Fields and Progress in FY2019

Electronics

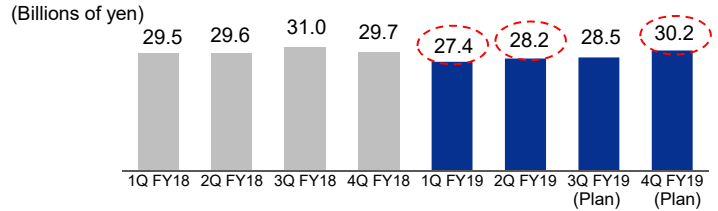
*YoY

- After bottoming out in the 2Q, secure an increase in profit*; build-up of liquid crystal-related product stock by certain customers
- Recovery in demand for liquid crystal-related products from the 3Q not expected; expand sales focusing mainly on the non-liquid field



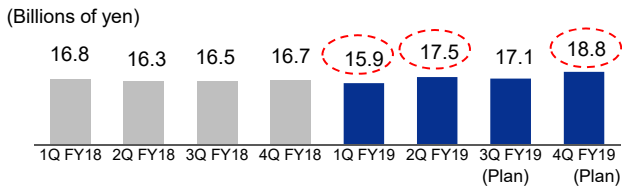
Automobiles and Transportation

- Gradual resolution to the impact of inventory adjustments from the 2Q; also a recovery in high-performance interlayer film sales; continued substantial YoY growth of products for HUDs (1H: +36%; 2H: +45% or more)(sales volume basis)
- Despite the slow positive turnaround in global market conditions, solid signs of a further increase in high-performance interlayer film sales from the 3Q; plans for operations to commence at a new production line Europe from the 4Q



Building and Infrastructure

- Resolved issues following periodic PVA resin turnover in the 2Q
- CPVC increase market share in India; continue to increase market share in the Americas
- Robust thermal insulation and noncombustible materials sales growth



Cost Innovations

■ Work to rebuild the earnings structure while taking into consideration demand in the fiscal year under review

- Control and reduce fixed costs
- Work to reform the supply chain
- Reform the business structure
- ✓ Increase sales and operating efficiency
- ✓ Work to reform purchasing and distribution
- ✓ Thoroughly review underperforming businesses
- ✓ Review overhead expenses
- ✓ Improve productivity (automation, etc.)
- ✓ Reorganize and optimize bases

FY2019 → Timeline → FY2022

Growth Driver

■ Steady progress in implementing measures aimed at growth enhancement across all fields

Main measures in each field

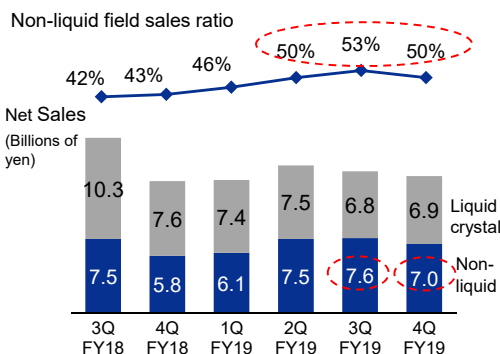
Electronics

- Expand sales of heat release materials, components for semiconductors, and components for OLEDs

KPI in each field

Focus on the non-liquid field

- Heat release materials (for 5G base stations) and joint parts serving as drivers of growth

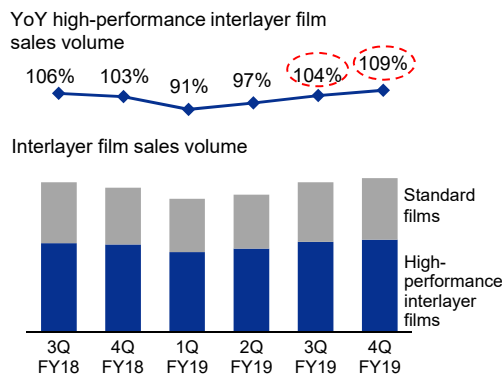


Automobiles and Transportation

- Expand sales of high-performance interlayer film, interlayer films with new functions, and interior materials

High-performance interlayer film sales growth

- Solid signs of a recovery; products for HUDs serving as a driver for growth

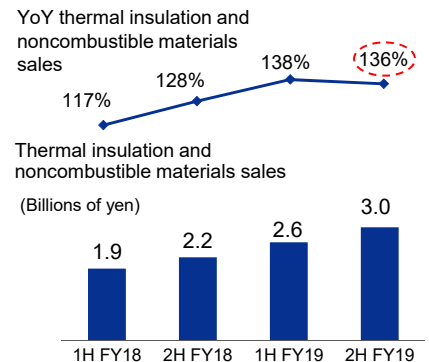


Building and Infrastructure

- Expand sales of overseas infrastructure materials, high-performance PVA, thermal insulation and noncombustible materials

Strengthen thermal insulation and noncombustible materials

- Robust thermal insulation materials; realize synergies with noncombustible materials



Overview of 1H FY2018 Results

Housing Company

■ Despite successfully leveling out sales in the 1Q and securing increases in both sales and profit, fell short of operating income plans in the 1H*

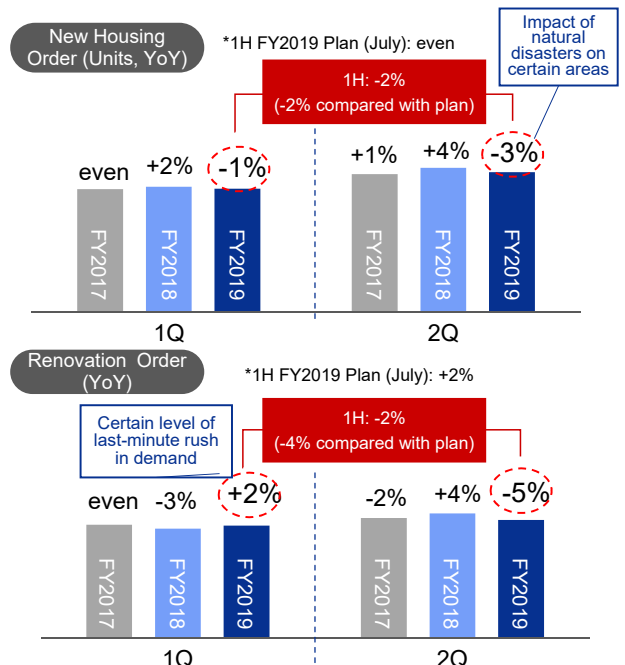
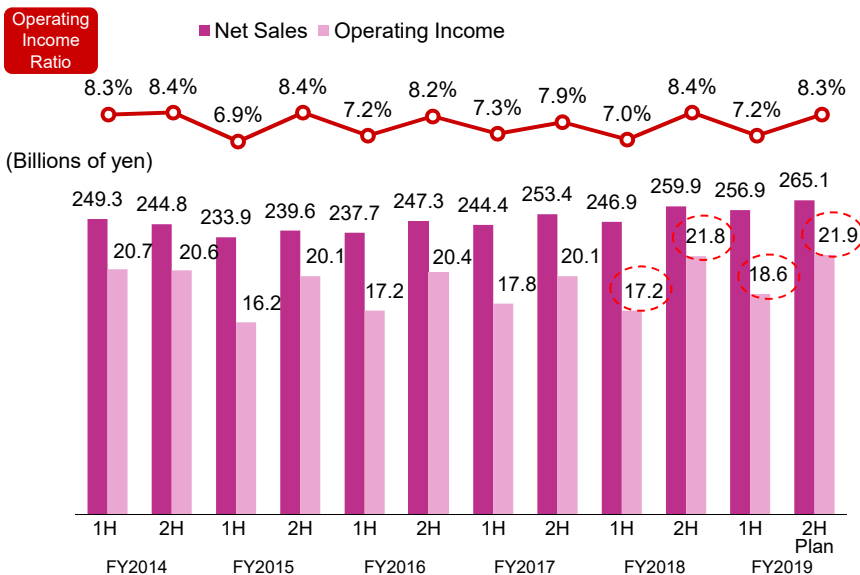
- Despite falling short of new housing order plans, limit the impact of any negative correction compared with the slump in the market
- While targeting renovation order growth, correction in the 2Q following the last-minute rush in demand in the 1Q prior to the consumption tax rate hike

* Exceeded plans at the beginning of the period (April) of ¥18.5 billion

⇒ 2H-start order backlog: +2% (YoY)

■ Also continue to secure increases in both sales and profit in the 2H, and achieve full fiscal year operating income plan (¥40.5 billion)

Performance Trends

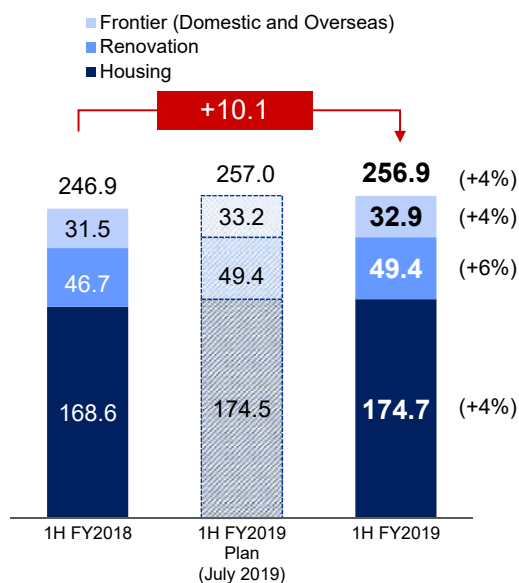


1H FY2019 Results: Analysis of Net Sales and Operating Income

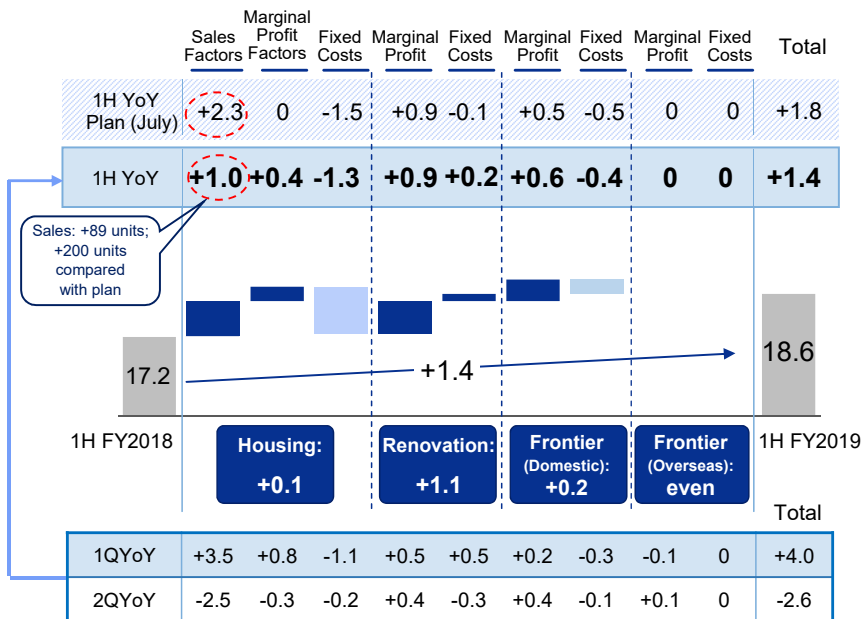
■ Despite a drop in the number of new houses sold due to the impact of natural disasters and falling short of 1H operating income plans, increases in both sales and profit

- Housing: Despite falling short of plans for the number of houses sold, strong order performance; implemented forward-looking investments in a bid to increase market share
- Renovation: Substantial increase in operating income; results exceed plans

Net Sales by Business (Billions of yen)



Analysis of Operating Income (Billions of yen)

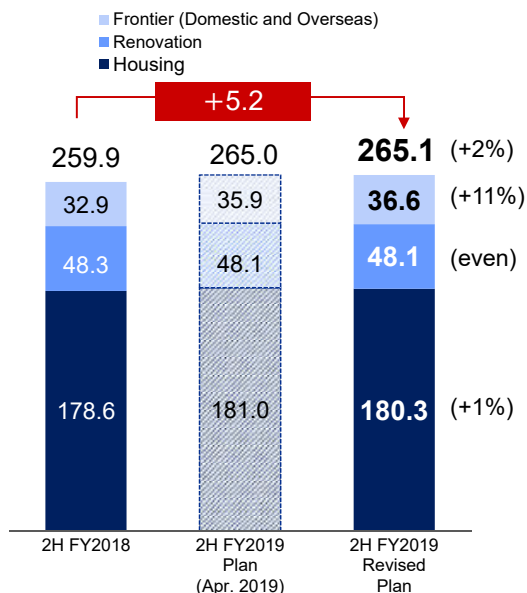


2H FY2019 Plan: Analysis of Net Sales and Operating Income

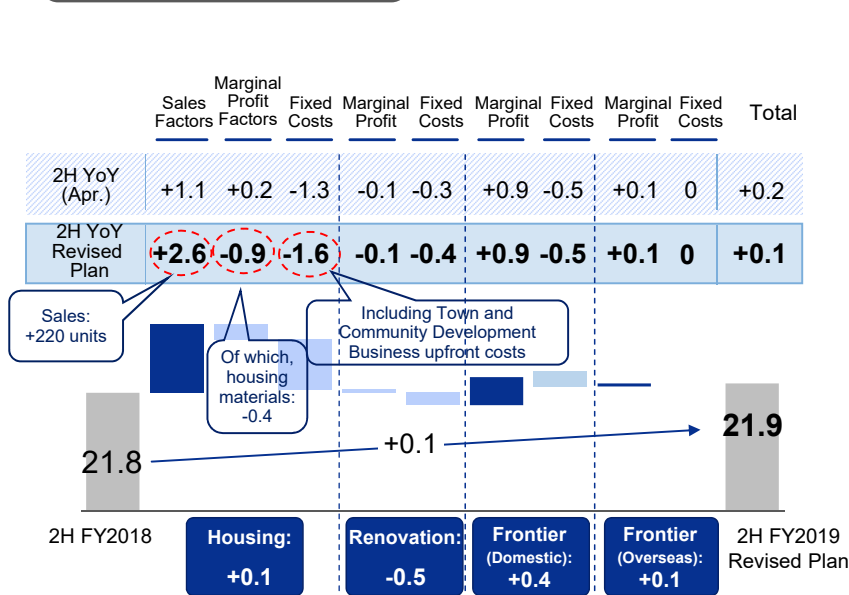
■ Target increases in both sales and profit mainly on the back of an increase in the number of new houses sold as well as record high profit for the 2H

- Housing: Substantial increase in the number of houses sold; continue to undertake forward-looking investments aimed at increasing market share (including Town and Community Development Business upfront costs)
- Renovation: Limit the impact of the consumption tax rate hike to a minimum

Net Sales by Business (Billions of yen)



Analysis of Operating Income (Billions of yen)



Continue to strengthen three key measures aimed at generating growth (sales force, product strategies, and land strategies), and secure orders at the same level as the previous year

Overview of 1H Results and Market Outlook in 2H

YoY downturn in steel frame-related products due to a greater than anticipated drop in urban rebuilding demand backlash

Substantial YoY increases in wood frame-related products on the back of firm first buyer demand; also substantial growth in Company-owned land for built-for-sale housing (+12%, YoY)

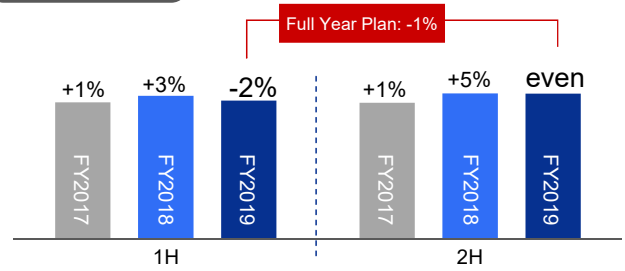
- Drop in urban rebuilding demand backlash to settle; first buyer demand forecast to remain firm
- Capture visitors by increase the sales force (personnel and model home galleries) (1H: +7%, YoY)

1H Order by Type (YoY)

Steel-frame housing	-6%
Wood-frame housing	+9%
Apartment Building	+2%
Total	-2%

2H Housing Order Plan

Housing Order (Unit, YoY)



Measure to Acquire Orders in 2H

Sales Force

- Increase the number of model home galleries (As of 1H FY2019-end: +4%*, YoY)
- Roll out experience-based showrooms (AR·VR) nationwide (As of 1H FY2019-start: 10 locations → As of 1H FY2019-end: 16 locations)

Product Strategies

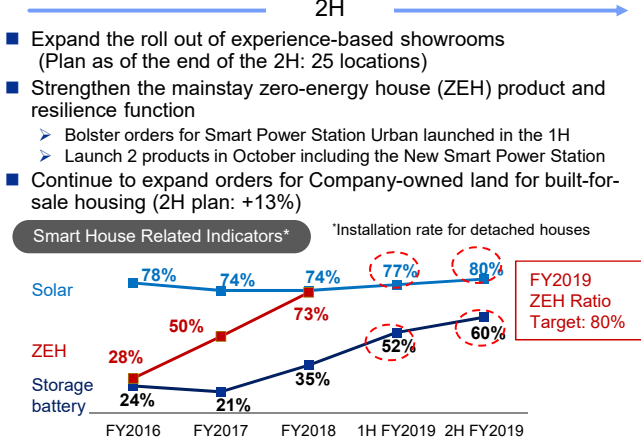
- Strengthen products mainly for first buyers

Mainly for Rebuilding	Steel-frame	Parfait Series, DESIO Series, and etc.	New Exterior Wall Install
	Wood-frame	Smart Power Station Series	
Mainly for First Buyer	Steel-frame	Smart Power Station Urban	New Launch
	Wood-frame	Grand To You V	

Land and Subdivision Housing Strategies

- Secure sufficient stocks of land (for stocks of land currently on sale as of the end of the 1H: +9%, YoY; for ready-built houses: +32%, YoY)

- Expand the roll out of experience-based showrooms (Plan as of the end of the 2H: 25 locations)
- Strengthen the mainstay zero-energy house (ZEH) product and resilience function
 - Bolster orders for Smart Power Station Urban launched in the 1H
 - Launch 2 products in October including the New Smart Power Station
- Continue to expand orders for Company-owned land for built-for-sale housing (2H plan: +13%)



Renovation

Products

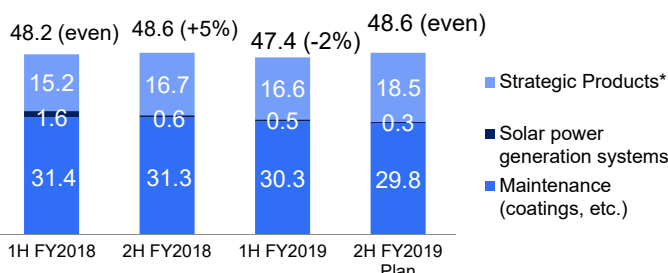
- Focus thoroughly on expanding sales of basic products (exterior coatings, new exterior walls)
- Implement measures targeting customers who have completed the FIT program
- Strengthen storage battery proposals
- Start of SEKISUI's SMARTHEIM DENKI Power Trading Service

Sales Structure

- Increase sales and operating efficiencies (strengthen points of customer contact)
- Start Fami-S Museum / Gallery rollout

- Increase sales and operating efficiencies (strengthen points of customer contact)
- Start Fami-S Museum / Gallery rollout

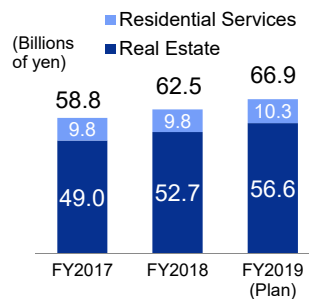
Orders by Products (Billions of yen)



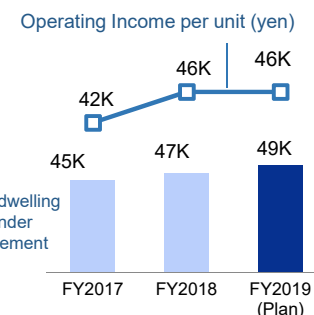
*Strategic products: for exterior areas, new external walls, bathrooms and kitchens, storage battery, extensions/rebuilding

Frontier (Domestic)

Net Sales by Business Segment



Rental Management Indicator

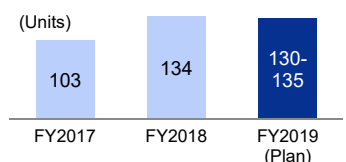


- Leasing business: Continue to strengthen efforts to bring in Heim properties that are not currently managed
- Second-hand housing business: Continue to strengthen appraisals, procurement, and sales

Overseas

- Despite slow progress in the 1H, secure orders at the same level as the previous year

No. of housing orders through a joint venture in Thailand



- Increase B to C orders on the back of efforts to strengthen the sales structure (personnel and model home galleries)
- Strengthen property preparation for subdivision properties (ongoing)

Overview of 1H FY2019 Results

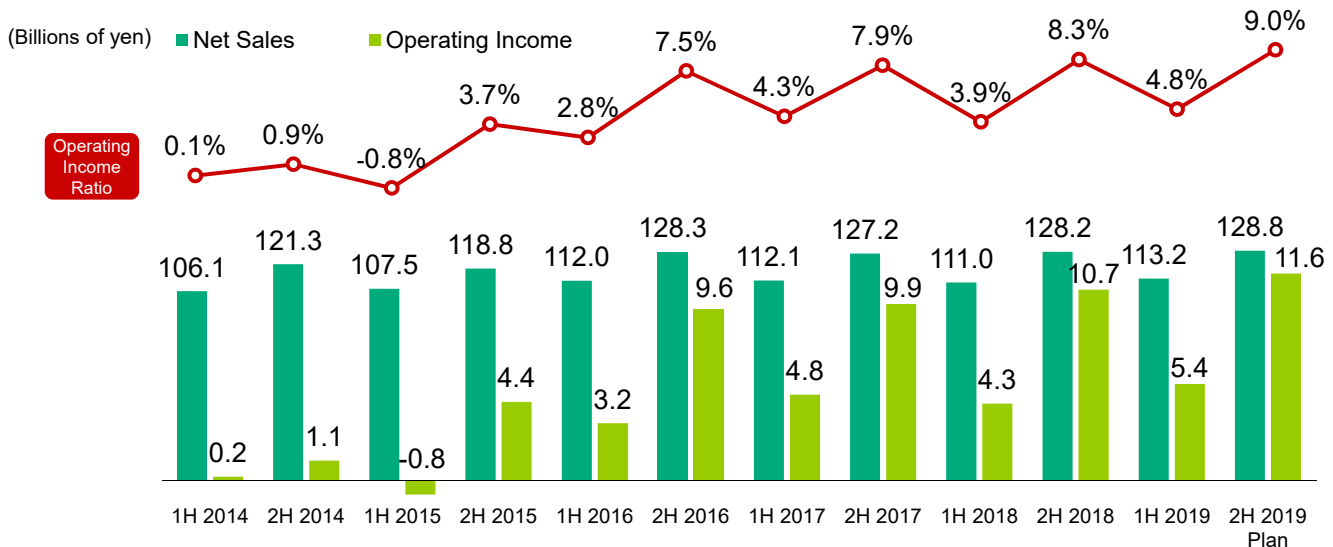
UIEP
Company

■ Record 1H high profit against the backdrop of firm domestic demand;
also projecting record high profit in the 2H

- Continued growth in prioritized products* in Japan (Net sales: 1H: +17%, YoY; 2H plan: +13%, YoY)
- Overseas business (sheets, industrial piping materials) struggled slightly in the 1H due to a deterioration in the business environment

* Prioritized products:
High-value-added products
with the potential for market
growth and substitutability

Performance Trends



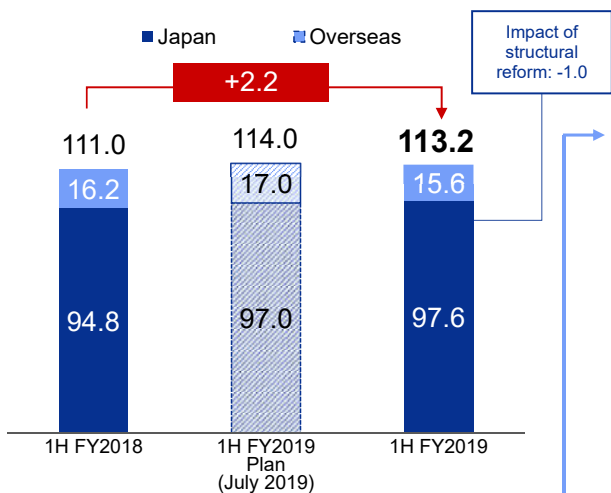
1H FY2019 Results: Analysis of Net Sales and Operating Income

■ While the Overseas business struggled, growth in prioritized products in Japan, and substantial increase in profit

- Japan: Substantial growth in prioritized products (1H sales: +17%*, YoY) against the backdrop of firm demand targeting non-residential facilities and the public sector
- Overseas: General-purpose PVC sheets and industrial piping materials struggled slightly impacted by the deterioration in business sentiment that led to cutbacks in investment; meanwhile, growth in railway sleeper application FFU products and sheets for aircraft and medical use

Net Sales by Business

(Billions of yen)



- Increase ¥3.2 billion in net sales on an actual basis excluding the impact of structural reforms

Analysis of Operating Income

(Billions of yen)

* Exceeded plan as of the start of the period (April) of ¥4.9 billion (+¥0.6 billion, YoY)

	Consolidated-basis Change	Foreign Exchange	Sales Quantity & Composition	Selling Price	Raw Materials	Cost Reduction and etc.	Fixed Cost	Total
1H YoY Plan (July)	0	0	+2.0	+0.2	+0.4	+0.4	-1.3	+1.7
1H YoY	0	-0.1	+1.7	+0.2	+0.4	+0.2	-1.3	+1.1
1H FY2018	4.3							4.3
1H FY2019								5.4
Total								5.4
1Q YoY	0	0	+0.5	+0.2	0	+0.1	-0.4	+0.3
2Q YoY	0	-0.1	+1.2	0	+0.4	+0.1	-0.9	+0.8

Domestic Prioritized products: +1.2

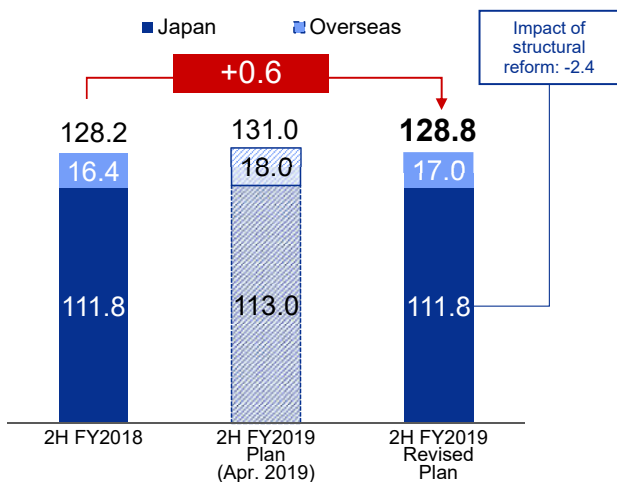
2H FY2019 Plan: Analysis of Net Sales and Operating Income

■ Increase in sales due mainly to continued growth in prioritized products in Japan; plans for increases in sales and substantial increase profits

- Japan: Continued growth in prioritized products (2H net sales plan: +13%*, YoY)
- Japan: Work to realize the effects of cost reduction initiatives and efforts to reduce fixed expenses through various measures including reorganization of the production structure and systems
- Overseas: Expectations that railway sleeper application FFU products will drive growth and forecast sales volume expansion despite uncertainty surrounding business sentiment in North America and trends in capital investment

Net Sales

(Billions of yen)



- Increase ¥3.0 billion in net sales on an actual basis excluding the impact of structural reforms

Analysis of Operating Income

(Billions of yen)

	Consolidated-basis Change	Foreign Exchange	Sales Quantity & Composition	Selling Price	Raw Materials	Cost Reduction and etc.	Fixed Cost	Total
2H YoY (Apr.)	0	0	+2.1	-0.1	+0.7	+0.5	-1.8	+1.5
2H YoY Revised Plan	0	-0.1	+1.6	-0.2	+0.6	+0.7	-1.7	+0.9
2H FY2018	10.7							10.7
2H FY2019 Revised Plan								11.6

Domestic Prioritized products: +1.2
Overseas: +0.3

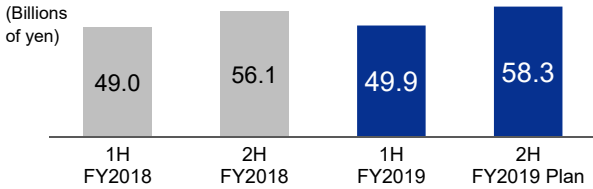
Three Strategic Fields

- Robust trends in the pipes and infrastructure field; secure an increase in sales despite advanced materials struggling slightly overseas; decline in sales in the building and living environment field for the full fiscal year due to the impact of structural reforms
- Steady expansion of new product sales; increase in development efficiency while promoting the upscaling of development themes

Net Sales in the Three Strategic Fields and 2H Outlook

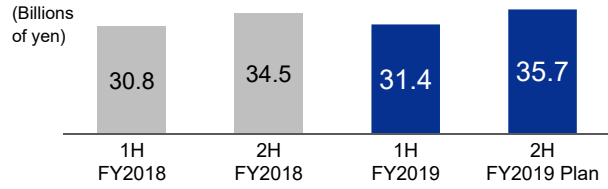
Piping and Infrastructure

- Robust trends in domestic piping materials for buildings (mainly targeting the nonresidential and public sector fields)
- Firm trend in rehabilitation pipe orders in Japan
- Industrial piping materials targeting the IT sector plant business experiencing difficulties both in Japan and overseas as a result of restraints on capital investment; major recovery also not expected in the 2H



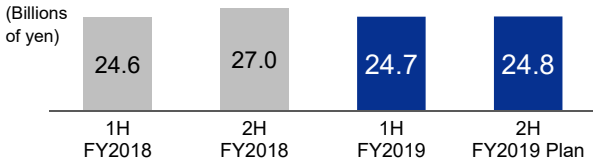
Advanced Materials

- Sheets: Projecting growth in aircraft and medical application sheets despite the impact of a deterioration in business sentiment in North America
- FFU products (railway sleeper application): Steady growth in application mainly in Europe and the U.S. (FY2019 Sales plan: +28%, YoY)



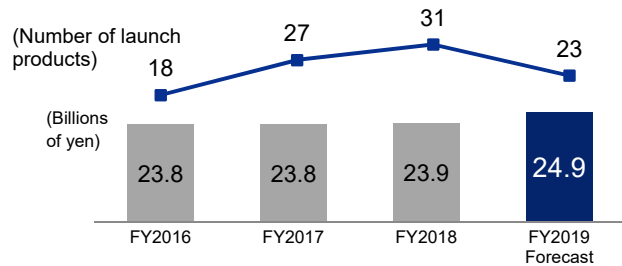
Building and Living Environment

- Decline in sales for the full fiscal year due to the impact of structural reforms (sale of businesses, etc.)
- Factor in market correction and a decrease in demand following the consumption tax rate hike in Japan mainly for modular bathrooms for housing complexes (2H)



New Products* Sales

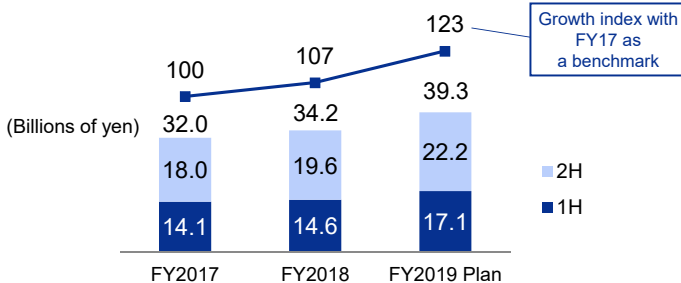
*Definition of new product: up to 5 years after being placed on the market



Prioritized products and Overseas

Prioritized product sales growth

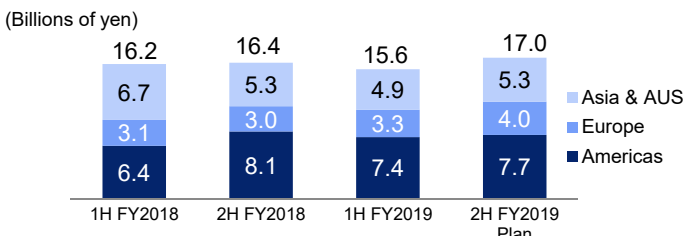
- Steady growth on the back of such factors as the increase in budgets related to the Plan for National Resilience and renewed urban infrastructure demand



Overseas Sales by Area*

*Including the export of domestic products

- Americas: Deterioration in business sentiment despite growth in the sheet business
- Europe: Robust trends in railway sleepers targeting European railway companies
- Asia, Australia, other: Impact from restraints on capital investment



Examples of prioritized products

- Natural disaster countermeasures, corrosion-resistant and easy installation, infrastructure reinforcement

High Flowrate Drainage System

Siphon type rainwater drainage system; **ensuring proper drainage volumes in response to torrential rain** without increasing pipe diameter

Drop Shaft

Lightweight and corrosion-resistant vertical pipe materials for high head drop manholes; **contributes to rainwater inundation countermeasures in urban areas** through space savings

Fire-resistant pipe

Drainage and ventilation PVC pipe for building fire prevention; **prevents the spread of fire**

AC Drain Pipe



Anti-condensation PVC pipe; **helps in the easy installation** of heat insulation processes during air conditioning construction work at public schools

ESLO HYPER AWHP



High-performance seismic polyethylene pipes for high-rise building construction; flexible and lightweight; **contributes to easier construction**

wells (Bathroom)



Easy to use variable bath system for bathers and caregivers; **minimizes the burden of nursing care**

SPR Method



Rehabilitation of aged sewage pipes; **renewal of sewer systems** without roadwork

SEW



Shield construction application for various processes including tunnel excavation; **eliminates the need to employ machinery and labor to open retaining walls**

FFU Railway Sleepers



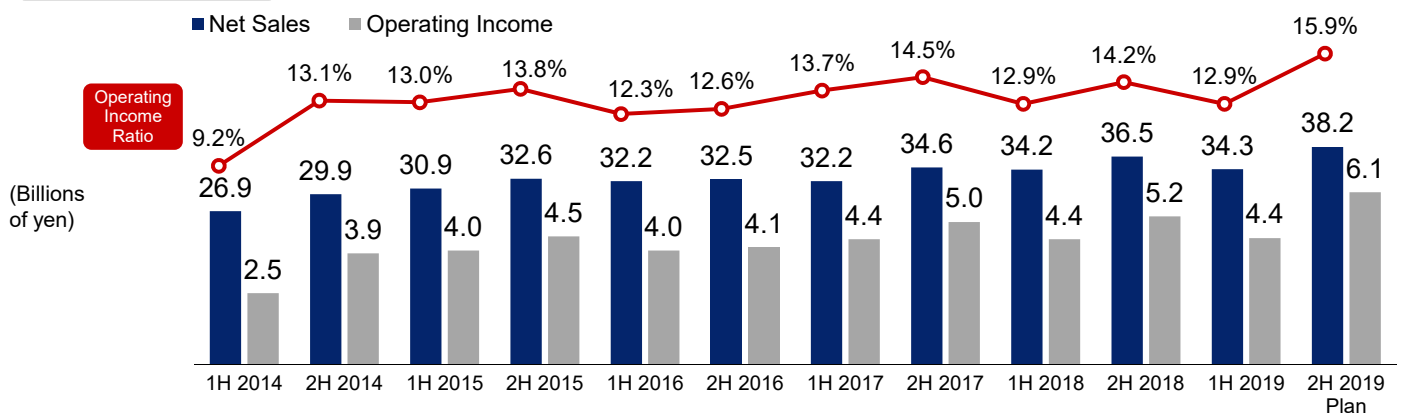
Highly water resistant and durable resin sleeper; helps in **reducing environmental impact** without the use of preservatives

Overview of 1H FY2019 Results

Medical Business

- 1H operating income at the same level as the previous year; target record high profit for the full fiscal year on a substantial increase in the 2H
- Preparations for accelerating growth are making steady progress (introduce new products, strengthen organizations and etc.)

Performance Trends



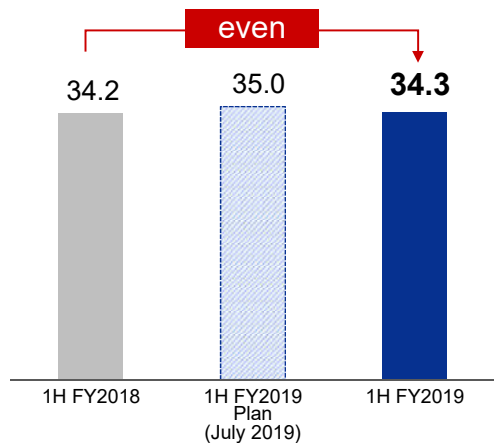
Main M&As

2008	2010	2015	2017	2018
XenoTech (U.S.)	Sekisui Medical Technology (China) Ltd.	EIDIA	Participated in the establishment of PeptiStar Inc.	Veredus Laboratories (Asia)
2009	2011			
ADI (U.S.)	Sekisui Diagnostics (U.S.)			

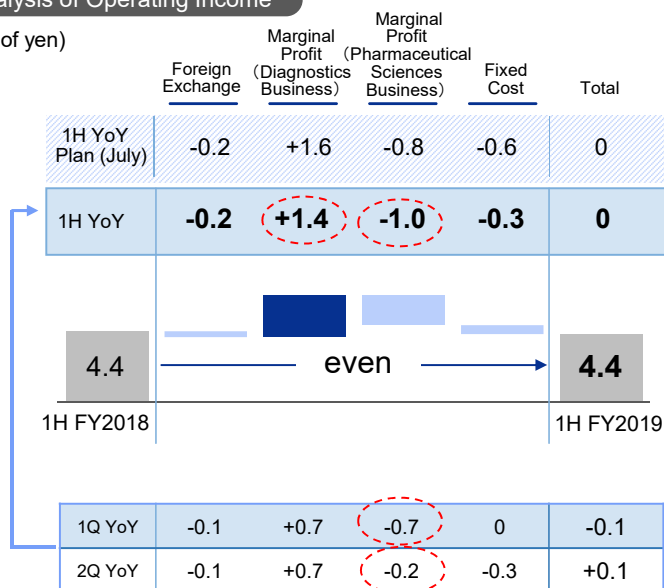
1H FY2019 Results: Analysis of Net Sales and Operating Income

- Substantial growth in the diagnostics business; offset the decrease in pharmaceutical sciences business orders and secured operating income at the same level as the previous year; results came in in line with 1H plans
- Implemented measures to strengthen organizations in an effort to accelerate the pace of growth

Net Sales
(Billions of yen)



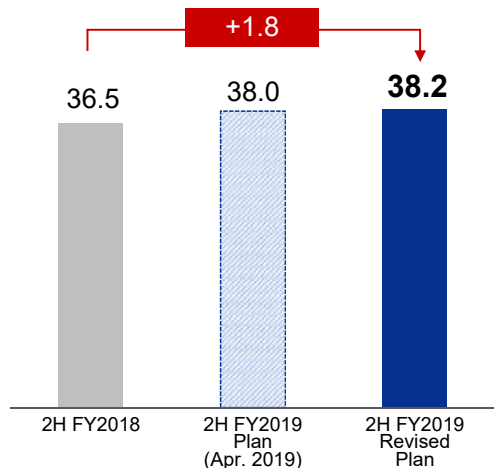
Analysis of Operating Income
(Billions of yen)



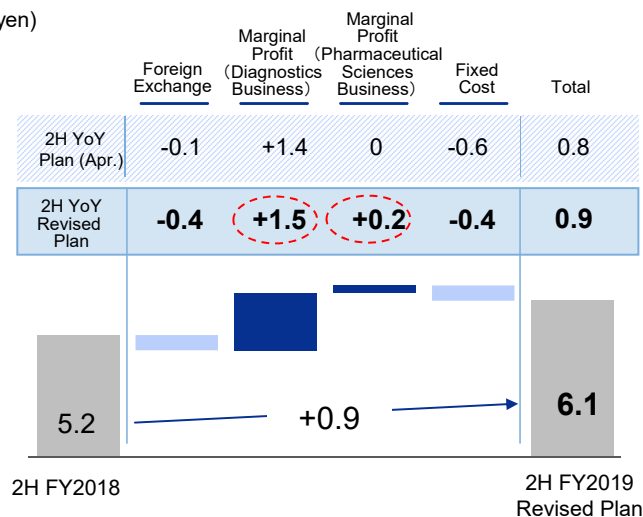
2H FY2019 Plan: Analysis of Net Sales and Operating Income

- Plans for a substantial increase in profit mainly in the diagnostics business; also projecting a recovery in the pharmaceutical sciences business
- Strengthen the development as well as production structures and systems on a global basis

Net Sales
(Billions of yen)



Analysis of Operating Income
(Billions of yen)



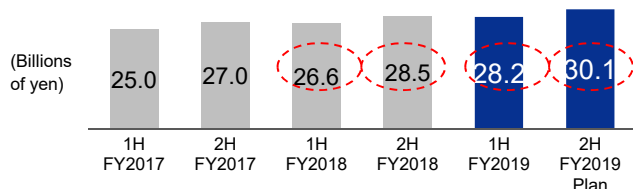
- Substantial increase in sales in the mainstay diagnostics business; promoting strategies aimed at broadening the scope of business

Trends in Net Sales by Business

Diagnostics Business

- Steady growth in sales mainly of mainstay products both in Japan and overseas
- Promoting efforts to strengthen overseas structures and systems: Expand POC* (Europe and the U.S.), commence operations at a new plant in Suzhou (China), strengthen sales by centralizing the operations of Veredus Laboratories

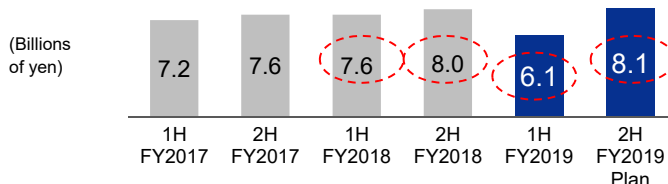
*POC: The first letters of "Point of Care;" refers to timely onsite (clinics, etc.) diagnostics



Pharmaceutical Sciences Business (Pharmaceutical and Fine Chemicals, Drug Development Solutions)

- Despite a decrease in sales in the 1H, projecting a recovery in the 2H to the same level as the previous year
- Expanding orders of new active pharmaceutical ingredients as well as the CDMO* business

* Acronym for Contract Development and Manufacturing Organization; a business format that provides comprehensive services that extend from the development of formulations to the manufacture and commercial production of investigational new drugs



Strategies aimed at broadening the scope of business

	Main Initiatives	Maturation Period		
		FY2019	FY2020	FY2021 and after
Expand business domains through technology development	Strengthen global development structures and systems	→		
	Consolidate work hours into products with a high degree of contribution to the Company's businesses	→		
Expand areas	Europe and the U.S.: Localize production of mainstay products; expand POC (introduce new products, etc.)	→		
	China: Commence operations at a new plant in Suzhou	→		
	Asia: Strengthen sales structures by centralizing the operations of Veredus Laboratories	→		

<Reference> Main Products of Medical Business

Diagnostics Business

Development, manufacture and sales of vacuum blood collection tubes and diagnostic reagents for blood coagulation, diabetes, lipids, rheumatism, and infectious diseases, etc.



Diagnostic reagents for Cholesterol



Automated coagulation analyzer



Diagnostic reagents for influenza



Vacuum blood collection tubes

Diagnostics business: New products launched in FY2019



Blood coagulation diagnostic reagent (measures plasma prothrombin time)



Infectious disease diagnostic reagent (rapid test kit for the detection of human metapneumovirus antigens)

Pharmaceutical Sciences Business

Pharmaceuticals and fine chemicals business: Contract manufacture of active pharmaceutical ingredients (APIs)/ intermediates, amino acids, etc.

Drug development solutions business: Contract research including pharmacokinetic tests to support drug R&D



Active Pharmaceutical Ingredients (APIs)



Pharmacokinetic Study

Results for 1H FY2019

Consolidated Companies

Number of Consolidated Companies

	Mar. 31, 2019	Sept. 30, 2019	Difference
Consolidated Subsidiaries	153	158	Increased: 8 Subsidiaries* Decreased: 2 Subsidiaries* ²
Affiliates (Equity Method)	8	8	Increased: 0 Subsidiaries Decreased: 0 Subsidiaries

*1: Sekisui Town Management Co., Ltd., Inet Co., Ltd., SEKISUI SEIKEI IZUMO CO., LTD., SEKISUI YOUNGBO HPP (WUXI) CO.,LTD. and etc.
(including Subsidiary reorganization)

*2: PT Cayman Limited and Sekisui Engineering Co., Ltd.

Influence of Change in the Number of Consolidated Companies

	1H FY2019 (YoY)	Difference
Net Sales	+0.3 bil. yen	SEKISUI YOUNGBO HPP (WUXI) CO.,LTD and etc.* ³
Operating Income	-0.2 bil. yen	

*3: Newly Consolidated from 1Q FY2019

Summary of Profit and Loss

(Billions of yen)	1H FY2018	1H FY2019	Difference
Net Sales	554.9	556.5	+1.6
Gross Profit	178.2	179.4	+1.2
Gross Profit Rate	32.1%	32.2%	+0.1%
Selling, Gen. and Admin. Expenses	136.1	137.9	+1.8
Operating Income	42.2	41.5	-0.7
Equity in Earnings of Affiliates	1.1	1.4	+0.3
Other Non-operating Income and Expenses	2.6	-0.8	-3.4
Ordinary Income	45.9	42.1	-3.7
Extraordinary Income	-	5.1	+5.1
Extraordinary Loss	0.8	6.1	+5.2
Income before Income Taxes	45.0	41.2	-3.9
Corporate Income Tax, etc.	11.3	10.6	-0.7
Net Income Attributable to Non-controlling Interests	1.1	0.9	-0.2
Net Income Attributable to Owners of the Parent	32.6	29.6	-2.9
Foreign Exchange (Avg. rate)	1US\$	110 yen	109 yen
	1€	130 yen	121 yen

Foreign exchange gain and loss
▶ -3.3

Gain on sales of investments in securities

Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2019	Sept. 30, 2019	Difference
Cash and Deposits	69.9	107.4	+37.5
Account Receivable on Sales	187.0	168.2	-18.8
Inventories	192.2	200.7	+8.5
Other Current Assets	21.0	26.5	+5.5
Tangible Non-Current Assets	309.5	322.9	+13.4
Intangible Non-Current Assets	50.8	48.4	-2.3
Investments in Securities	163.3	158.9	-4.4
Investments & Other Assets	30.1	27.0	-3.1
Total Assets	1,023.7	1,060.0	+36.3

Inventories (B/S item)	Sept. 30, 2019	Difference
Ready-built housing (products)	13.9	+2.3
Prepared land for subdivision housing	42.1	+3.9
Land under preparation (work in process)	14.3	-2.7
Housing under construction (work in process)	26.5	+3.0
Components, other (raw materials)	3.7	+0.3
Housing Total	100.6	+6.8
Non-residential total (products, other)	100.1	+1.7
Inventories Total	200.7	+8.5

Capital investment: +37.8
Depreciation and amortization: -17.3
Foreign exchange: -4.2

Sales: -9.4
At fair value: +9.2
Loss on impairment: -2.9

Influence of Change of Consolidated Subsidiaries
▶ +6.0
Foreign exchange
▶ -12.4 bil. yen
Actual basis: +42.7

Balance Sheets (Liabilities & Net Assets)

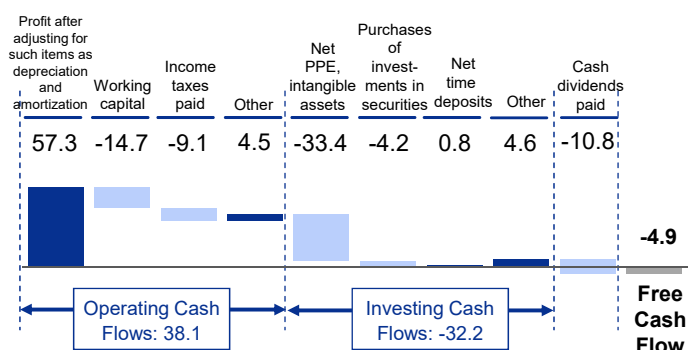
(Billions of yen)	Mar. 31, 2019	Sept. 30, 2019	Difference	
Non-Interest-Bearing Liabilities	337.1	335.9	-1.2	Bonds ▶ +30.0
Interest-Bearing Liabilities	53.8	87.1	+33.3	
Net interest-bearing Liabilities	(-16.0)	(-20.3)	-4.2	
Total Liabilities	391.0	423.0	+32.1	
Capital Stock etc.	209.2	209.2	0	
Retained Earning	408.0	414.3	+6.3	Net income ▶ 29.6
Treasury Stock	-44.3	-40.5	+3.8	Dividends paid ▶ -10.7
Unrealized Holding Gain on Securities	36.8	40.5	+3.7	Retirement of treasury stock ▶ -12.7
Non-controlling Interests	25.5	24.5	-0.9	
Other Net Assets	-2.4	-11.1	-8.7	
Total Net Assets	632.7	637.0	+4.2	Purchases of treasury stock ▶ -9.5
Total Liabilities, Net Assets	1,023.7	1,060.0	+36.3	Retirement of treasury stock ▶ +12.7
Equity to Total Assets (%)	59.3%	57.8%	-1.5%	

Consolidated Cash Flows

(Billions of yen)	1H FY2018	1H FY2019
Operating Cash Flows	38.1	51.8
Investing Cash Flows	-32.2	-18.3
Financing Cash Flows	-14.6	4.0
Net Increase in Cash and Cash Equivalents	-7.2	35.3
Cash and Cash Equivalents at the End of Term	69.9	105.6
Free Cash Flow =Operating Cash Flows + Investing Cash Flows - Dividends Paid	-4.9	21.7

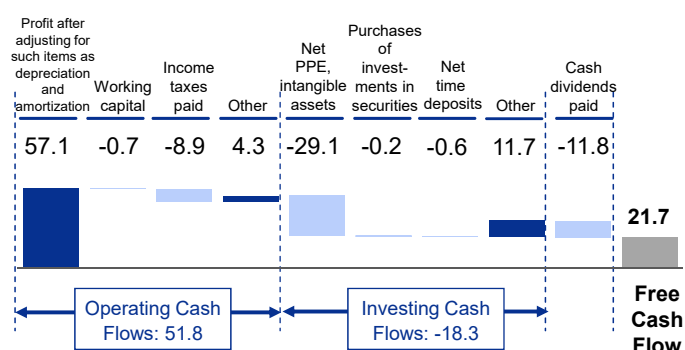
1H FY2018 Free Cash Flow

(Billions of yen)



1H FY2019 Free Cash Flow

(Billions of yen)



Depreciation and Amortization, Capital Expenditures, EBITDA

(Billions of yen)	Depreciation* ¹			Goodwill and Other Amortization* ²			Capital Expenditures			EBITDA* ³		
	1H FY2018	1H FY2019	Difference	1H FY2018	1H FY2019	Difference	1H FY2018	1H FY2019	Difference	1H FY2018	1H FY2019	Difference
Housing	4.5	4.7	+0.1	0.1	0.1	0	8.4	7.5	-0.8	21.8	23.3	+1.5
UIEP	3.3	3.7	+0.4	0.1	0.1	-0.1	7.5	5.2	-2.3	7.8	9.2	+1.5
HPP	7.3	8.1	+0.7	0.9	0.8	-0.1	19.6	14.8	-4.8	31.3	28.6	-2.7
Medical	1.3	1.7	+0.3	1.0	1.0	0	3.0	1.8	-1.2	6.8	7.1	+0.3
Others	0.8	0.8	+0.1	0	0	0	2.4	3.1	+0.8	-4.9	-4.5	+0.4
Eliminations or Unallocatable Accounts	0.5	1.0	+0.5	-	-	-	0.3	0.3	0	-0.7	-0.3	+0.4
Total	17.8	19.9	+2.2	2.1	2.0	-0.1	41.1	32.8	-8.3	62.0	63.4	+1.4

*1 Depreciation does not include amortization of industrial property rights

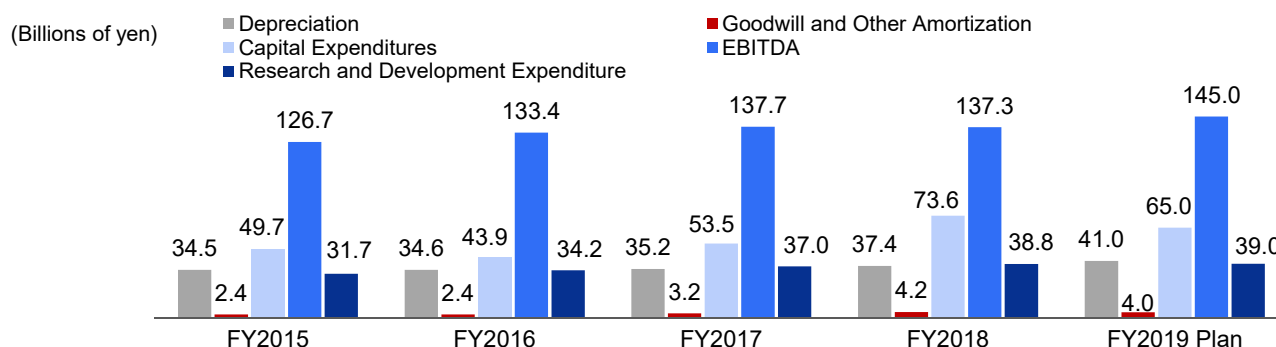
*2 Goodwill and Other Amortization = Goodwill amortization + Amortization of M&A industrial property rights

*3 EBITDA = Operating Income + Depreciation + Goodwill and other amortization

Depreciation and Amortization, Capital Expenditures, Research and Development Expenditure

(Billions of yen)	FY2018	FY2019 (Plan)	Difference
Depreciation	37.4	41.0	+3.6
Goodwill and Other Amortization	4.2	4.0	-0.2
Capital Expenditures	73.6	65.0	-8.6
EBITDA	137.3	145.0	+7.7
Research and Development Expenditure	38.8	39.0	+0.2

Depreciation and Amortization, Capital Expenditures, Research and Development Expenditure



This slide presentation may contain forward-looking statements. Such forward-looking statements are based on current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements due to changes in global economic, business, competitive market and regulatory factors.

Housing Company Results and Plan

1. Main data in Housing business		FY2019			FY2018			FY2017
		1H	2H (plan)	Annual (plan)	1H	2H	Full Year	Annual
CONSOLIDATED	Net Sales (Billions of yen)	256.9	265.1	522.0	246.9	259.9	506.7	497.8
	Housing	174.7	180.3	355.0	168.6	178.6	347.2	341.9
	Renovation	49.4	48.1	97.5	46.7	48.3	95.0	95.1
	Frontier (Domestic)	31.9	35.1	66.9	30.7	31.8	62.5	58.8
	Real estate	26.8	29.8	56.6	26.0	26.7	52.7	49.0
	Residential Services	5.0	5.3	10.3	4.7	5.1	9.8	9.8
	Overseas	1.0	1.6	2.6	0.8	1.1	2.0	1.9
OTHERS	1. Number of houses sold (Housing units)	5,425	5,845	11,270	5,380	5,560	10,940	10,820
	Detached houses	5,120	5,395	10,515	5,030	5,170	10,200	9,880
	Heim	4,050	4,335	8,385	4,080	4,200	8,280	8,270
	Two-U	1,070	1,060	2,130	950	970	1,920	1,610
	Apartments buildings	305	450	755	350	390	740	940
	2. Main data							
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	31.4	-	-	30.9	31.5	31.2	31.1
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	859	-	-	841	852	846	835
	Floor space (Square meter)	120.6	-	-	121.3	122.0	121.7	122.9
	Exhibition places (Units)	447	-	453	429	-	430	419
	Sales staff (Number of person)	2,636	-	2,547	2,646	-	2,515	2,367
	Rebuilding ratio (%)*	24%	28%	26%	28%	28%	28%	29%
Referral sales ratio (%)*	33%	34%	34%	33%	36%	34%	33%	

* Rebuilding ratio and Referral sales ratio are based on time of orders-received.



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Housing Company Results and Plan

2. Housing orders		FY2019			FY2018			FY2017		
		1H	2H (Plan)	Annual (plan)	1H	2H	Annual	1H	2H	Annual
(Millions of yen)										
Year-start Backlog	219,500	217,320	-	206,900	213,900	-	206,000	207,800	-	
Growth Rate	+6%	+2%	-	±0%	+3%	-	±0%	±0%	-	
New Orders	203,590	213,908	417,498	206,423	217,375	423,798	202,957	207,061	410,018	
Growth Rate	-1%	-2%	-1%	+2%	+5%	+3%	±0%	±0%	±0%	
Sales of Housing/Renovation	205,770	211,628	417,398	199,423	211,775	411,198	201,157	207,961	409,118	
Growth Rate	+3%	±0%	+2%	-1%	+2%	+1%	±0%	±0%	±0%	
Balance at the end	217,320	219,600	-	213,900	219,500	-	207,800	206,900	-	
Growth Rate	+2%	±0%	-	+3%	+6%	-	±0%	±0%	-	

3. Housing starts		FY2019			FY2018			FY2017
		1H	2H (Plan)	Annual (plan)	1H	2H	Annual	Annual
(Units)								
Housing starts*	464,000	427,000	891,000	491,418	461,518	952,936	946,396	
Privately-owned houses* (included in above) =A	152,000	125,000	277,000	146,498	141,212	287,710	282,111	
Detached house sales by our company=B (Unit base)	5,120	5,395	10,515	5,030	5,170	10,200	9,880	
Our share in Detached houses=B/A	3.4%	4.3%	3.8%	3.4%	3.7%	3.5%	3.5%	

**The housing starts* and "Privately-owned houses" after 1H of FY2019 are based on forecasts.

4. The ratio of the houses equipped with the high-performance specifications		FY2019			FY2018			FY2017
		1H	2H (Plan)	Annual (plan)	1H	2H	Annual	Annual
Solar power generation systems installed	77%	80%	79%	75%	73%	74%	74%	
Tiled exterior walls (Heim type JX)	69%	73%	71%	73%	72%	73%	71%	
Storage battery installed	52%	60%	56%	30%	40%	35%	21%	
Comfortable Air System	78%	80%	79%	76%	79%	77%	76%	



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