



SEKISUI CHEMICAL CO., LTD.

Presentation of Financial Results and
Progress under Management Plan
for the Second Quarter of Fiscal Year 2020, which ending March 31, 2021

Keita Kato

President

29 October, 2020

Results for 1H FY2020

Forex Rate	1H FY2019	1H FY2020	FY2020 Initial Plan
Assumptions	¥109/US\$ ¥124/€	¥109/US\$ ¥121/€	¥110/US\$ ¥120/€
Results (Avg. rate for each term)	¥109/US\$ ¥121/€	¥107/US\$ ¥121/€	-

Overview of 1H FY2020 Results

- Substantial decreases in sales as well as each level of profit due to the significant impact of COVID-19
- Each level of profit exceeded plans due mainly to the implementation ahead of schedule of measures aimed at reducing costs as well as structural reforms

FY2020 Plan Assumptions (Impact of COVID-19)*

- Current conditions (mid Apr.) to continue to June; despite a gradual recovery thereafter, significant impact on the 1H
- Decreases in automobile and smartphone production, diagnostic agents for lifestyle-related illnesses, visitors to housing exhibitions, housing starts, and delays in construction as a result of COVID-19
- Results may change depending on when COVID-19 dissipates

* Restated in line with financial results announcement on April 27, 2020.

(Billions of yen)	1H FY2019	1H FY2020	Difference	1H FY2020 Plan (July 2020)	Difference
Net Sales	556.5	490.0	-66.5	488.0	+2.0
Operating Income	41.5	22.1	-19.3	14.7	+7.4
Ordinary Income	42.1	20.4	-21.7	15.4	+5.0
Net Income Attributable to Owners of the Parent	29.6	12.7	-16.9	6.9	+5.8
Dividend per Share (Yen)	23	23	0	23	0

1H FY2020 Results: Net Sales and Operating Income by Divisional Company

■ Despite decreases in sales and profit in each segment due to the impact of COVID-19, profit exceeded plans on the back of successful efforts to implement measures aimed at reducing costs and structural reforms ahead of schedule

- HPP: Despite a substantial drop in demand mainly in the Mobility and Building and Infrastructure fields as well as SEKISUI AEROSPACE CORPORATION, operating income exceeded plans owing to expansion in the Electronics field and successful efforts to reduce costs
- Housing: Despite a substantial decline in the number of houses sold owing largely to the decrease in orders in the 1Q and the impact of delays in construction, operating income exceeded plans on the back of successful efforts to reduce costs
- UIEP: Despite a substantial decline in aircraft-related sheet demand as well as the impact of stoppages in construction and overseas lockdowns, operating income exceeded plans on the back of successful efforts to reduce costs
- Medical: Despite the impact of a downturn in the number of outpatient tests, operating income exceeded plans on the back of successful efforts to reduce costs

(Billions of yen)	1H FY2019		1H FY2020		Difference		1H FY2020 (Forecasts) (July)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	160.4	19.7	139.1	8.9	-21.3	-10.8	133.6	5.3	+5.5	+3.6
Housing	256.9	18.6	230.6	13.0	-26.3	-5.6	235.0	12.8	-4.4	+0.2
UIEP	113.2	5.4	96.2	2.5	-17.0	-2.9	95.8	1.5	+0.4	+1.0
Medical	34.3	4.4	31.9	2.5	-2.4	-1.9	31.9	1.6	0	+0.9
Other	2.4	-5.3	1.5	-4.2	-0.9	+1.2	1.8	-5.0	-0.3	+0.8
Eliminations or Unallocatable Accounts	-10.7	-1.4	-9.3	-0.6	+1.5	+0.7	-10.0	-1.5	+0.8	+0.9
Total	556.5	41.5	490.0	22.1	-66.5	-19.3	488.0	14.7	+2.0	+7.4

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

1Q & 2Q FY2020 Results: Net Sales and Operating Income by Divisional Company

- After bottoming out in the 1Q across each segment, results in the 2Q exhibited an overall recovery trajectory, albeit at a slightly slow pace

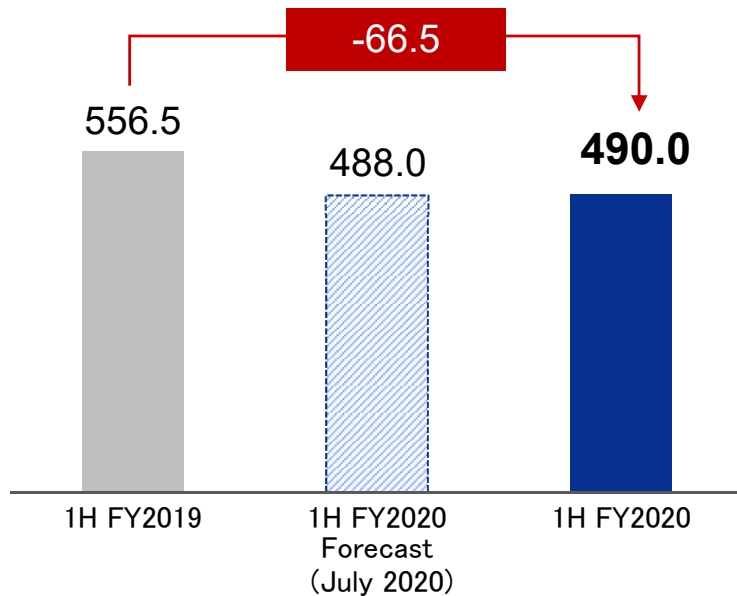
(Billions of yen)	1Q FY2019		1Q FY2020		2Q FY2019		2Q FY2020	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	78.6	9.0	62.0	2.4	81.9	10.8	77.1	6.5
Housing	107.4	2.4	96.1	0.4	149.5	16.1	134.5	12.6
UIEP	51.3	1.5	44.8	0	61.9	4.0	51.4	2.5
Medical	16.3	1.7	15.3	1.1	18.0	2.7	16.6	1.4
Other	1.2	-2.7	0.8	-2.0	1.2	-2.7	0.7	-2.2
Eliminations or Unallocatable Accounts	-5.1	-1.1	-4.4	-0.6	-5.6	-0.3	-4.9	0
Total	249.7	10.8	214.8	1.4	306.9	30.7	275.3	20.8

1H FY2020 Results: Net Sales and Operating Income

- Substantial decrease in sales owing to the significant impact of COVID-19; despite substantial decreases in sales volumes and product mix as well as consolidated-basis change, promoted the reduction of fixed costs
- Operating income exceeded plans due to the implementation ahead of schedule of measures aimed at reducing fixed costs as well as structural reforms in excess of plans

Net Sales

(Billions of yen)



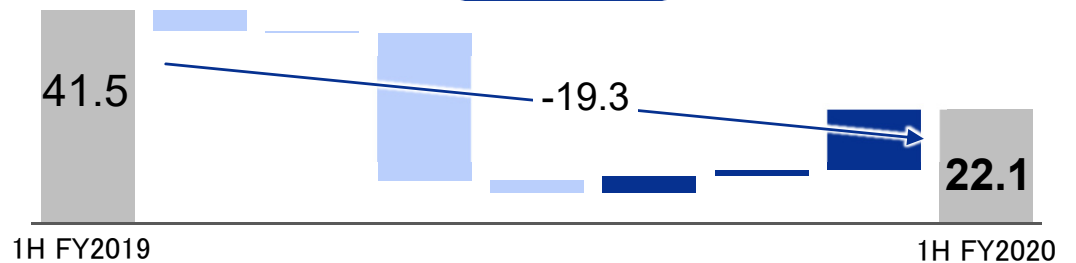
Analysis of Operating Income

(Billions of yen)

	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
1H YoY Plan (July)	-3.7	-0.4	-30.3	-2.6	+2.4	+1.2	+6.5	-26.8
1H YoY	-4.0	-0.4	-28.6	-2.4	+3.0	+1.3	+11.8	-19.3

HPP: -10.5
Housing: -10.0
UIEP: -5.8
Medical: -2.2

HPP: +3.9
Housing: +3.7
UIEP: +1.7
Medical: +0.5



	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
1Q YoY	-2.2	-0.2	-14.5	-1.0	+1.2	+0.4	+6.9	-9.5
2Q YoY	-1.8	-0.2	-14.1	-1.4	+1.7	+0.9	+4.8	-9.9



FY2020

Revised Annual and 2H Plans

Forex Rate	2H FY2019	2H FY2020 Plan	FY2020 Initial Plan
Assumptions	¥108/US\$ ¥120/€	¥106/US\$ ¥126/€	¥110/US\$ ¥120/€
Results (Avg. rate for each term)	¥109/US\$ ¥120/€	-	-

Overview of FY2020 Revised Plan

- Despite decreases in sales as well as each level of profit due to the substantial impact of COVID-19, expected to achieve initial plans for each level of profit through the implementation of measures aimed at reducing costs and structural reforms ahead of schedule
- Strengthen earning power in the first year of the new Medium-term Management Plan “Drive2022” and establish a growth platform from the next fiscal year
- Plan for an eleventh consecutive fiscal year of dividend increase

(Billions of yen)	FY2019	FY2020 Revised Plan	Difference	FY2020 Plan (Apr. 2020)	Difference
Net Sales	1,129.3	1,053.6	-75.7	1,107.4	-53.8
Operating Income	87.8	70.0	-17.8	70.0	0
Ordinary Income	87.0	69.0	-18.0	69.0	0
Net Income Attributable to Owners of the Parent	58.9	43.5	-15.4	43.5	0
Dividend per Share (Yen)	46	47	+1	47	0

FY2020 Revised Plan: Net Sales and Operating Income by Divisional Company

- Despite decreases in both sales and profit in each segment, expected to achieve initial operating income plan (¥70 billion) by taking the initiative in implementing various measures

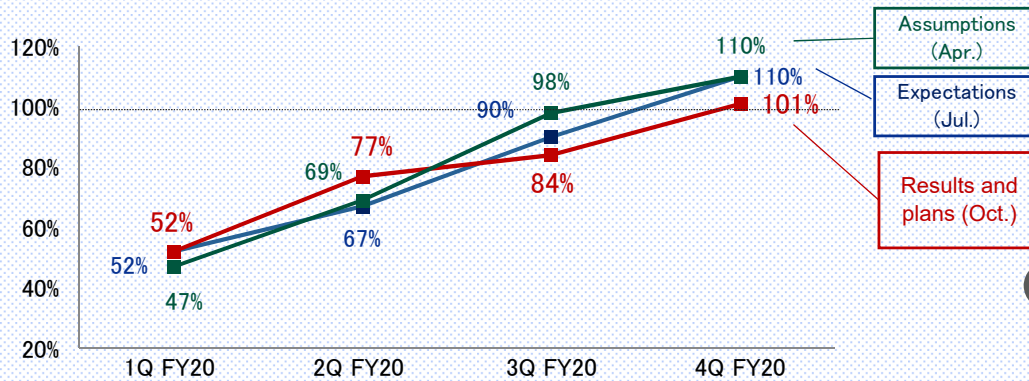
(Billions of yen)	FY2019		FY2020 Revised Plan		Difference		FY2020 Plan (Apr. 2020)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	322.4	37.2	297.5	27.6	-24.9	-9.6	315.0	27.6	-17.5	0
Housing	512.9	37.8	491.0	32.0	-21.9	-5.8	505.5	32.0	-14.5	0
UIEP	237.4	15.5	208.8	14.0	-28.5	-1.5	228.4	14.0	-19.6	0
Medical	72.6	9.2	71.4	8.9	-1.2	-0.3	74.1	9.3	-2.7	-0.4
Other	5.0	-9.7	4.1	-9.8	-0.8	-0.1	4.5	-10.0	-0.4	+0.2
Eliminations or Unallocatable Accounts	-21.0	-2.2	-19.3	-2.7	+1.8	-0.5	-20.1	-2.9	+0.8	+0.2
Total	1,129.3	87.8	1,053.6	70.0	-75.7	-17.8	1,107.4	70.0	-53.8	0

Outlook for Market Conditions

In overall terms, recovery from the impact of COVID-19 is expected to be slower than first assumed under the initial plan

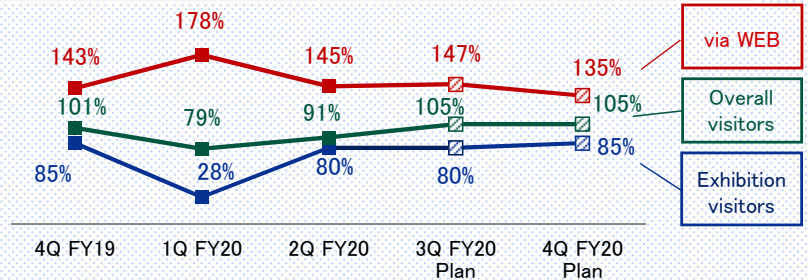
Number of Automobiles Manufactured (YoY)

While the 2Q exceeded expectations, the pace of recovery projected to be slower than anticipated from the 3Q (mainly in Europe and the Americas)



Housing · Visitors (YoY)

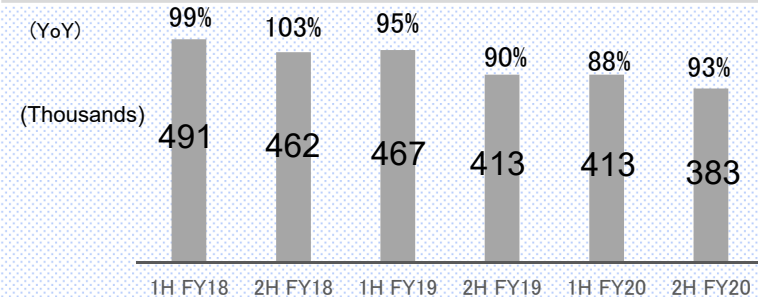
Despite a steady recovery, exhibition visitors expected to come in at around 2Q levels in the 2H



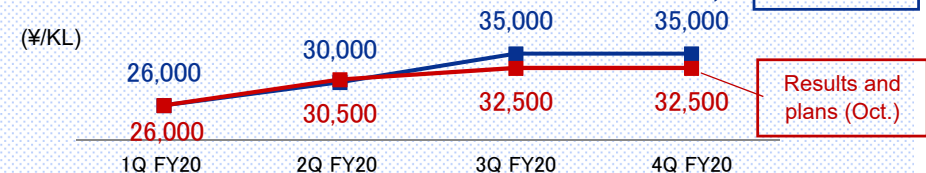
New Housing Starts

Projecting a substantial decline in construction starts, essentially in line with expectations

* Timing when demand for each of the UIEP Company's products can be expected to emerge: From four to six months after the start of residential construction

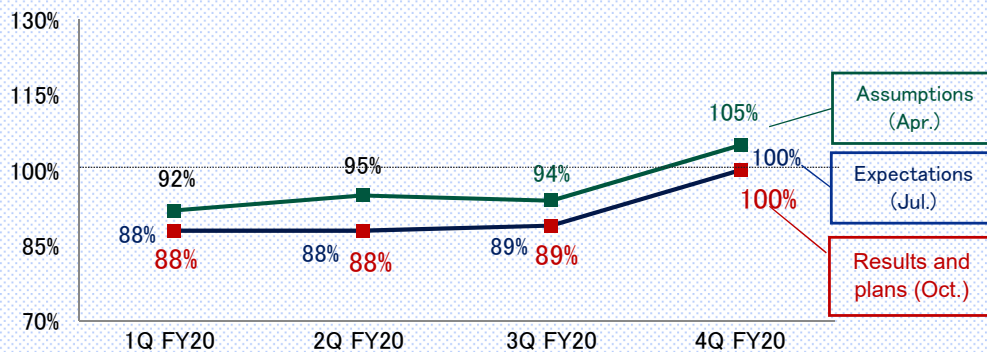


Domestic Naphtha Price Assumptions



Smartphone Shipments (YoY)

Trends essentially in line with July expectations; projecting a transition toward a gradual recovery due to an increase in 5G-switchover demand in the 2H



2H FY2020 Revised Plan: Net Sales and Operating Income by Divisional Company

■ Despite a decrease in sales due to the greater than expected prolonged impact of COVID-19, projecting a turnaround to Groupwide increase profit mainly through successful efforts to reduce costs

- HPP: Despite the prolonged impact of COVID-19 mainly in the Mobility and Building and Infrastructure fields, return to increased profit through successful efforts to reduce costs and realize the effects of structural reforms
- Housing: Despite a decrease in the number of houses sold, profit to return to the previous year's levels due to successful efforts to reduce costs and the start of contributions to earnings from the Town and Community Development Business
- UIEP: Despite the prolonged impact of COVID-19 in Japan and overseas, return to increased profit through successful efforts to reduce costs; impact of business transfer (Sales: -¥8.3 billion)
- Medical: Return to increased profit on the back of a certain recovery in the diagnostics market both in Japan and overseas as well as successful efforts to reduce costs

* 2H plan (Apr. 2020) put forward on the assumption that the impact of COVID-19 will dissipate with the business environment returning to normal

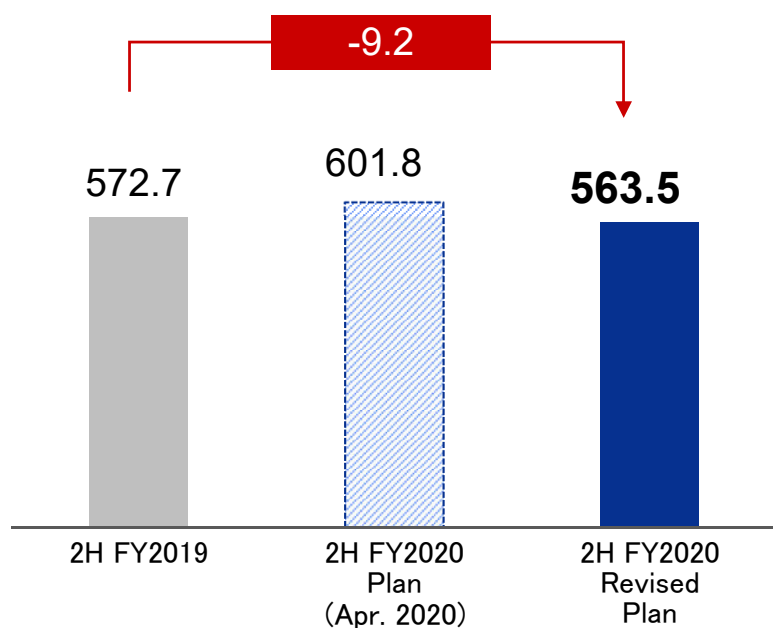
(Billions of yen)	2H FY2019		2H FY2020 Revised Plan		Difference		2H FY2020 Plan* (Apr. 2020)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	162.0	17.4	158.4	18.7	-3.6	+1.3	178.0	23.9	-19.6	-5.2
Housing	256.0	19.2	260.4	19.0	+4.4	-0.2	264.5	19.2	-4.1	-0.2
UIEP	124.1	10.0	112.6	11.5	-11.5	+1.5	125.5	11.5	-12.9	0
Medical	38.3	4.8	39.5	6.4	+1.2	+1.6	41.2	6.9	-1.7	-0.5
Other	2.6	-4.4	2.6	-5.6	+0.1	-1.2	2.7	-4.8	-0.1	-0.8
Eliminations or Unallocatable Accounts	-10.3	-0.8	-10.0	-2.1	+0.3	-1.3	-10.1	-1.4	+0.1	-0.7
Total	572.7	46.3	563.5	47.9	-9.2	+1.6	601.8	55.3	-38.3	-7.4

2H FY2020 Revised Plan: Net Sales and Operating Income

- While anticipating a greater than expected prolonged impact of COVID-19 and the increase in sales volumes and product mix held to a nominal increase, return to increase profit mainly on the back of successful efforts to reduce costs in excess of plans
- Continuing on from the 1H, implement measures to control fixed costs as well as structural reforms ahead of schedule

Net Sales

(Billions of yen)



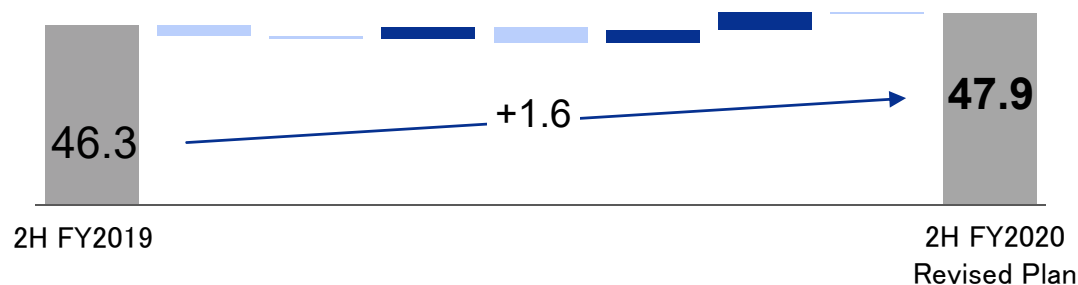
Analysis of Operating Income

(Billions of yen)

	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Plan (Apr.)	-0.5	+0.5	+12.7	-1.3	+0.5	+1.8	-4.9	+9.0
2H YoY Revised Plan	-1.6	-0.3	+1.7	-2.3	+1.8	+2.6	-0.2	+1.6

HPP: +0.8
Housing: -0.2
UIEP: -0.5
Medical: +1.6

HPP: +1.3
Housing: -0.3
UIEP: +1.3
Medical: 0





High Performance Plastics
Company

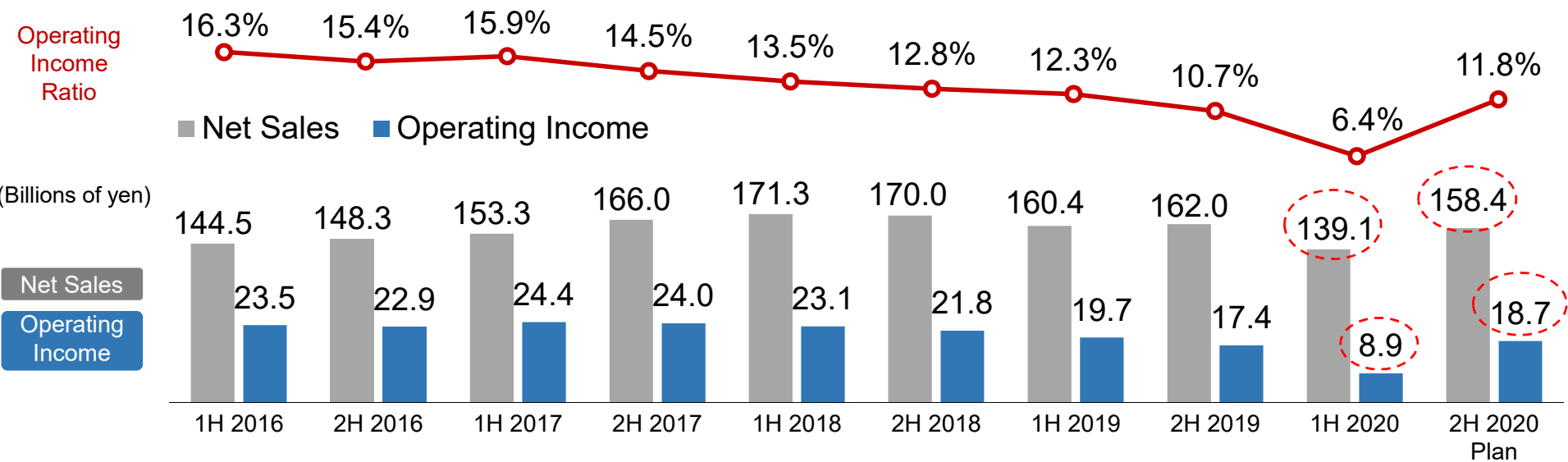
Ikusuke Shimizu

Company President

Overview of 1H FY2020 Results

- Despite a substantial decline in both sales and profit due to the impact of COVID-19, exceeded plans in the 1H
- While the impact of COVID-19 will linger especially on the Mobility field, return to increased profit by taking the initiative in implementing various measures in the 2H; projected to achieve operating income plans for the full fiscal year (¥27.6 billion)

Performance Trends



Foreign Exchange Rate	1H 2016	2H 2016	1H 2017	2H 2017	1H 2018	2H 2018	1H 2019	2H 2019	1H 2020	2H 2020
¥105/US\$	¥105/US\$	¥111/US\$	¥111/US\$	¥111/US\$	¥110/US\$	¥111/US\$	¥109/US\$	¥109/US\$	¥107/US\$	¥106/US\$
¥118/€	¥118/€	¥119/€	¥126/€	¥133/€	¥130/€	¥127/€	¥121/€	¥120/€	¥121/€	¥126/€

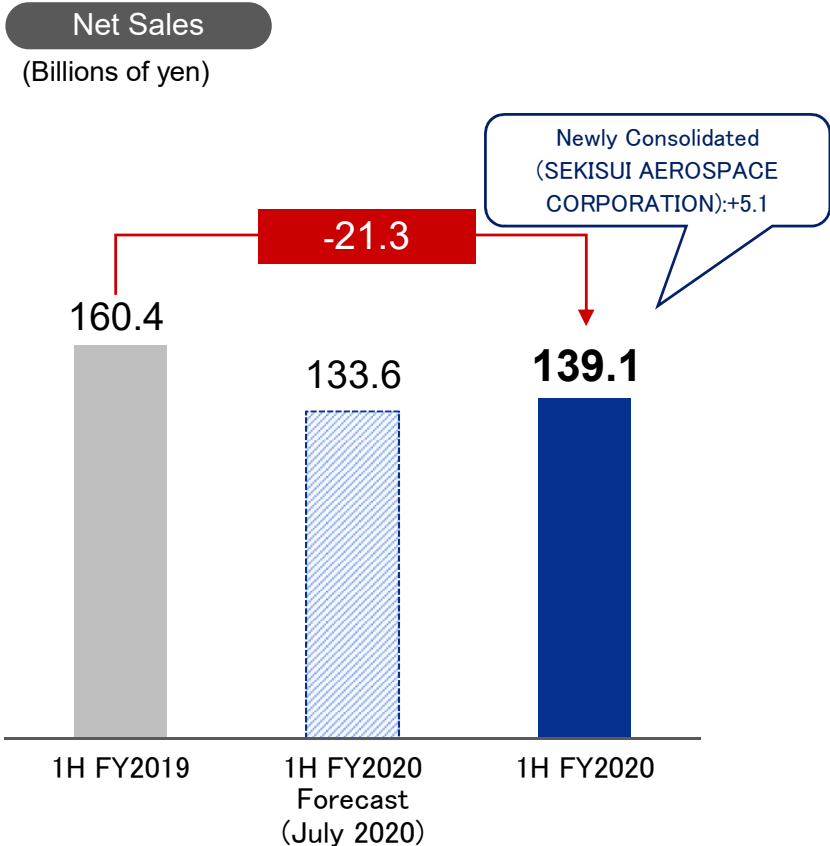
Main M&As and Strategic Investments

09/2017 Polymatech Japan
 12/2017 SoflanWiz
 12/2017 Started operations at a new interlayer film production line (Mexico)
 04/2018 Operations commence at a new automotive exterior parts plant in Japan
 2H 2019 SEKISUI AEROSPACE CORPORATION
 2018-2019 Start of operations at new foam plants in Thailand and China
 2H 2020 Start of operations at a new interlayer film production line (Europe)

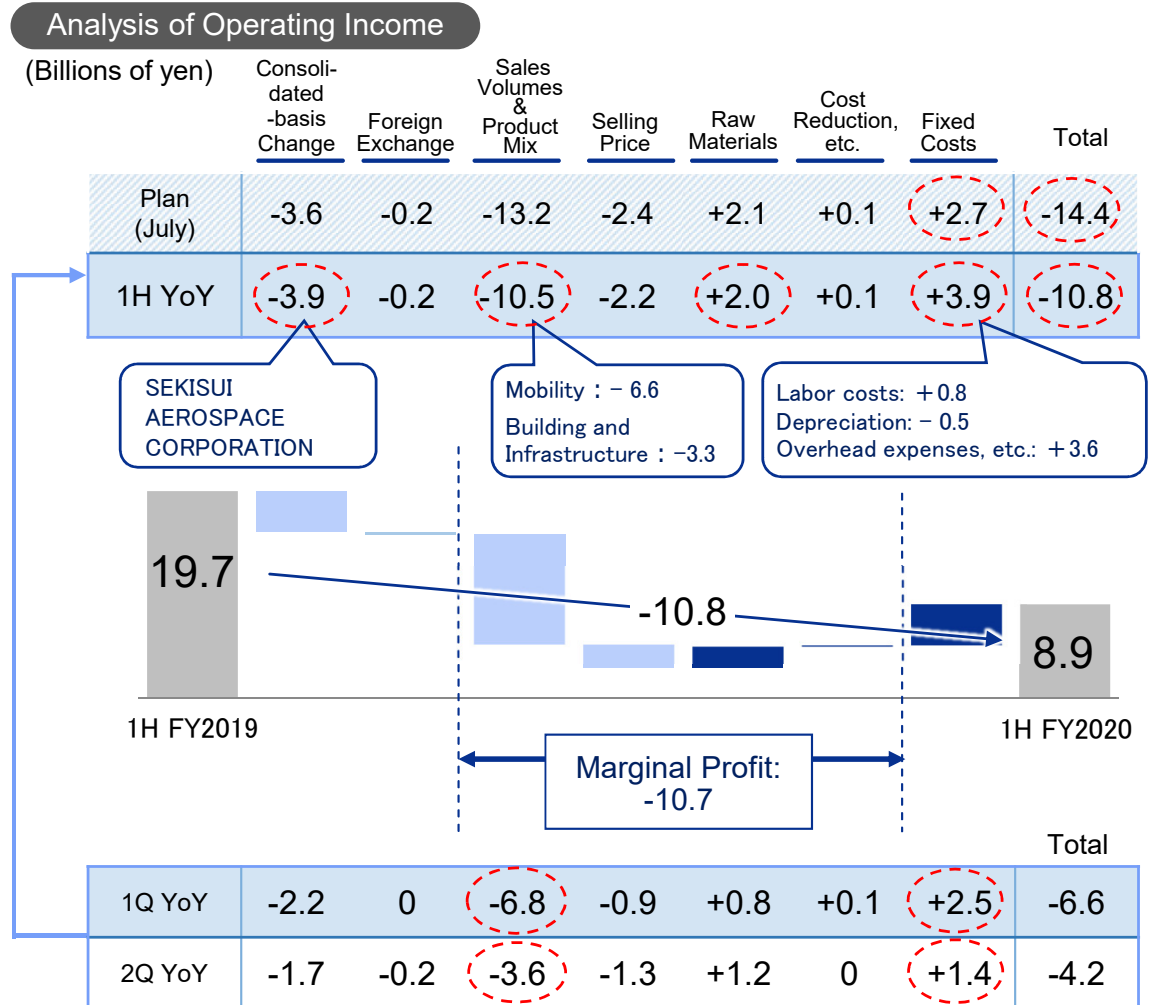
*2H FY2020 Assumptions

1H FY2020 Results: Net Sales and Operating Income

- Despite a substantial decline in both sales volumes and product mix mainly in the Mobility and Building and Infrastructure fields as well as SEKISUI AEROSPACE CORPORATION due to the impact of COVID-19, continued improvement from the 1Q to the 2Q
- Exceeded 1H operating income plan on the back of soft raw material prices and successful efforts to reduce costs

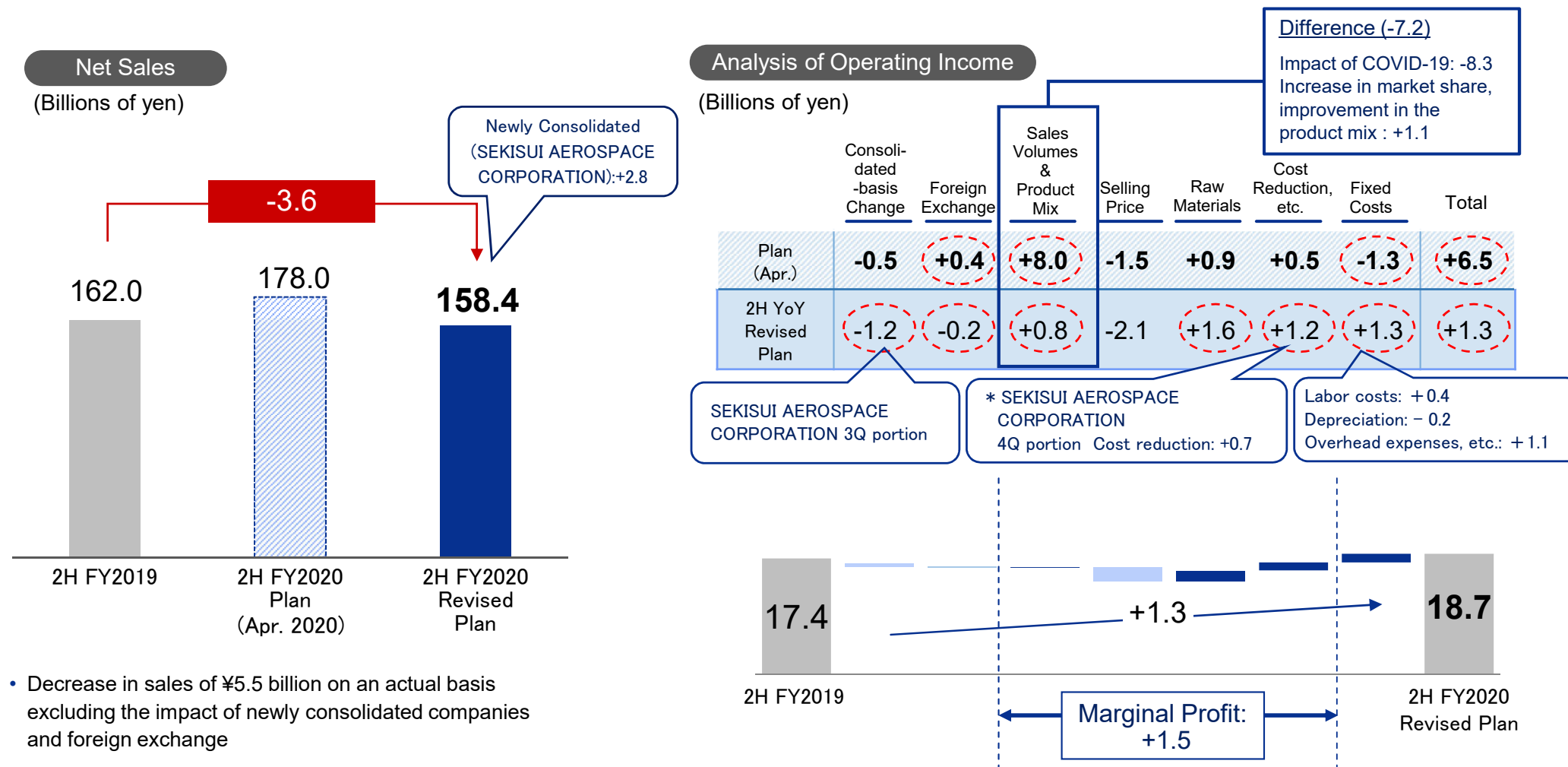


• Decrease in sales of ¥24.6 billion on an actual basis excluding the impact of newly consolidated companies and foreign exchange



2H FY2020 Plan: Net Sales and Operating Income

- Despite a downward revision of the 2H operating income plan due to a delay in recovering from the impact of COVID-19 (mainly in the Mobility field and SEKISUI AEROSPACE CORPORATION) as well as the impact of movements in foreign currency exchange rates, projected to achieve full fiscal year plans
- Return to increased profit on the back of soft raw material prices as well as successful efforts to reduce costs in excess of plans and to realize the effects of structural reforms



Three Strategic Fields and Cost Innovations

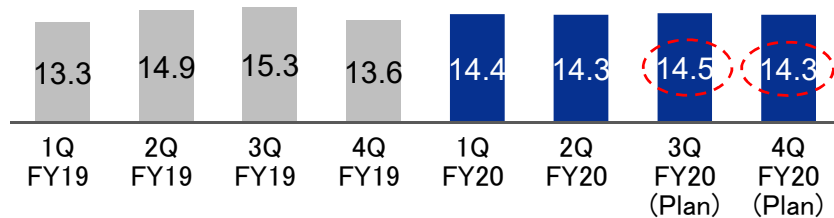
■ Robust Electronics field; Mobility as well as Building and Infrastructure fields on a recovery trend after bottoming out in the 1Q

Net Sales in the Three Strategic Fields and Progress in FY2020

Electronics

- Progress essentially in line with plans in the 1H; secured increases in sales and profit; steady growth in products for the Non-LCD field
- Projecting a temporary slowdown in demand due to the impact of regulations imposed by the U.S. on China in the 2H

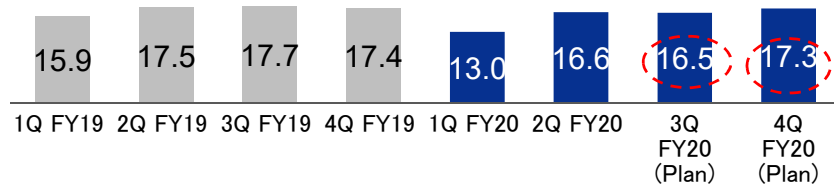
(Billions of yen)



Building and Infrastructure

- CPVC: Despite exceeding plans in the 1H due to a recovery in demand in India in the 2Q, projecting delays in the recovery in infrastructure demand in the ASEAN and Middle East regions in the 2H
- Despite the impact of stoppages in construction in the 1Q, gradual recovery from the 2Q in Japan

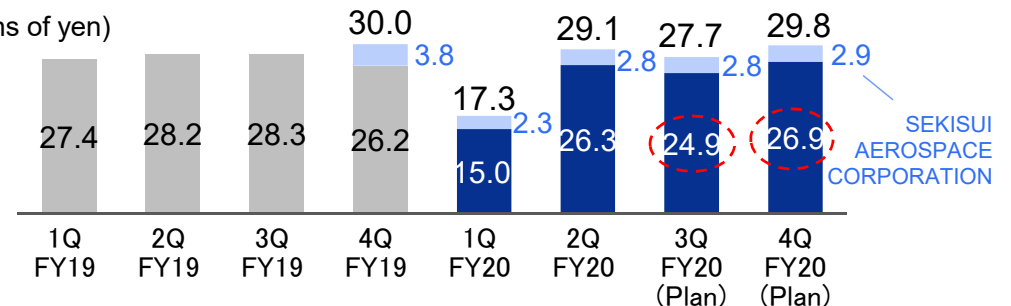
(Billions of yen)



Mobility

- Exceeded plans in the 1H on the back of a greater than expected degree of market recovery in the 2Q
- Recovery in market conditions projected to be slower than anticipated mainly in Europe and the U.S.
- Trends in high-performance interlayer film sales exceeded 1H plans; while anticipating only a nominal YoY increase overall, high growth in products for HUDs projected in the 2H
- Despite continued downturn in aircraft-related demand, progress in streamlining SEKISUI AEROSPACE CORPORATION

(Billions of yen)



Cost Innovations

■ Implement each initiative in advance; looking to exceed the initial plan of +¥6.0 billion by ¥2.4 billion

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> ● Control and reduced fixed costs (+3.5) ✓ Increase sales and operating efficiency ✓ Cutback overhead expenses | <ul style="list-style-type: none"> ● Work to reform the supply chain (+3.2) ✓ Optimize purchasing ✓ Improve productivity ✓ Reduce distribution costs | <ul style="list-style-type: none"> ● Reform the business structure (+1.7) ✓ Thoroughly review underperforming businesses ✓ Reorganize and optimize bases |
|--|--|---|

* Planned amount of YoY improvement in FY2020

■ Even amid the delay in market condition recovery, medium-term growth potential unchanged in each of the three fields; steadily promote growth measures

Progress of Growth Measures in the Three Fields

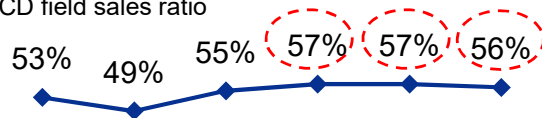
Electronics

~ Focus on the non-LCD field

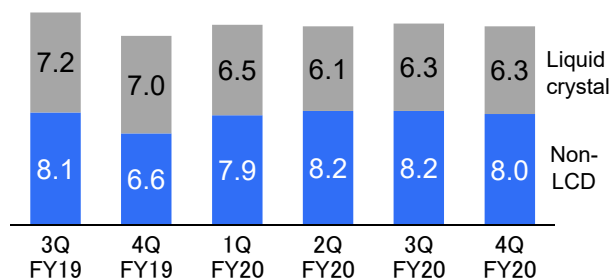
■ Focus on expanding sales in the Non-LCD field (Semiconductor/5G and other)

- Growth mainly in components for semiconductors and heat release materials (for 5G base stations) in the 1H
- Despite sluggish demand, sales ratio in the Non-LCD field in line with plans on the back of successful efforts to capture new users and increase market share in the 2H

Non-LCD field sales ratio



Net Sales
(Billions of yen)



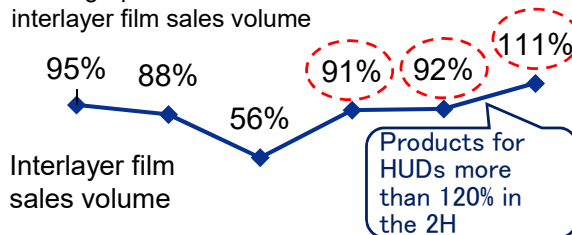
Mobility

~ High-performance interlayer film sales growth

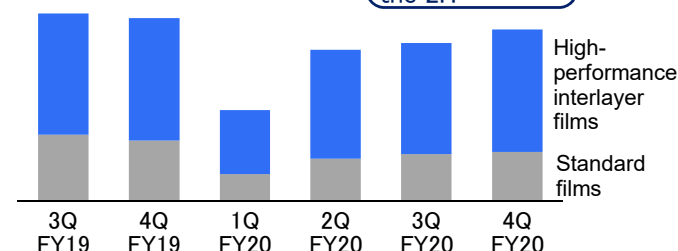
■ Work toward serving once again as a driver of growth by expanding sales of products for HUDs and increasing points of application

- Steady recovery in the YoY growth rate in the 1H, exceeding plans (Plan: 60% → Actual: 72%)
- Despite market conditions falling below expectations at the start of the period in the 2H, positive turnaround in line with the previous year (Apr. Plan: +10% → Oct. Plan: +1%)

YoY high-performance interlayer film sales volume



Interlayer film sales volume



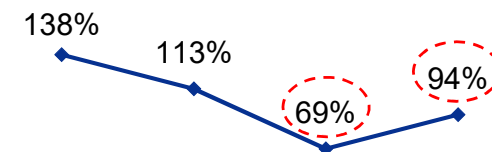
Building and Infrastructure

~ Strengthen thermal insulation and noncombustible materials

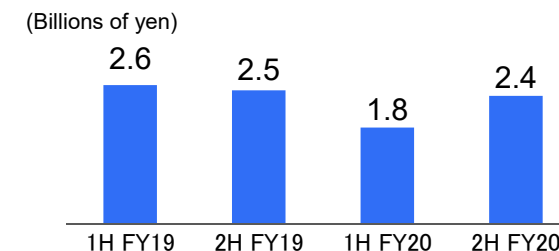
■ Global expansion of non-flammable urethane and thermal insulation materials

- 1H in line with plans
- While anticipating a recovery trend in Japan, projecting delays in the recovery of overseas infrastructure demand (ASEAN and Middle East regions) in the 2H

YoY thermal insulation and noncombustible materials sales



Thermal insulation and noncombustible materials sales





Housing Company

Toshiyuki Kamiyoshi

Company President

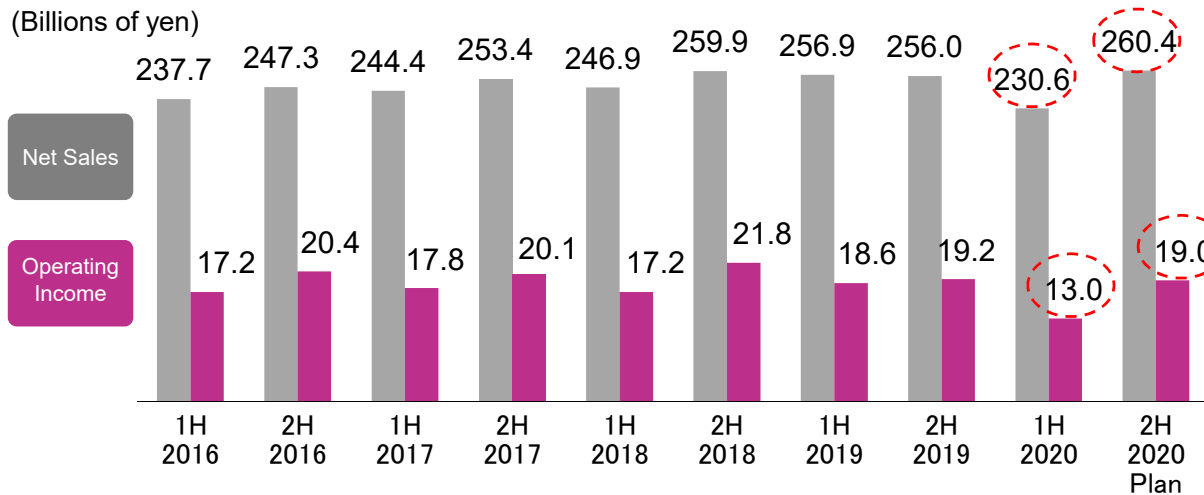
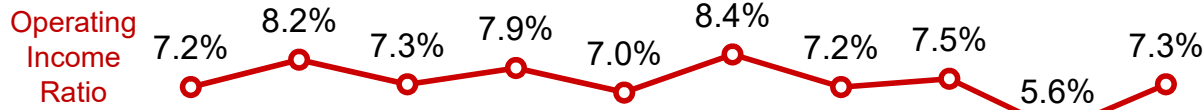
Overview of 1H FY2020 Results

■ Operating income exceeded plans in the 1H; secured 2H-start backlog thanks largely to new housing orders exceeding plans

- While impacted by COVID-19 in the 1Q, new housing orders return to around the previous year's level in the 2Q
- While renovation orders fell short of plans, return to around the previous year's level in the 2Q

■ Return to around the previous year's levels in both sales and operating income; target a return to a profit growth trajectory from FY2021

Performance Trends

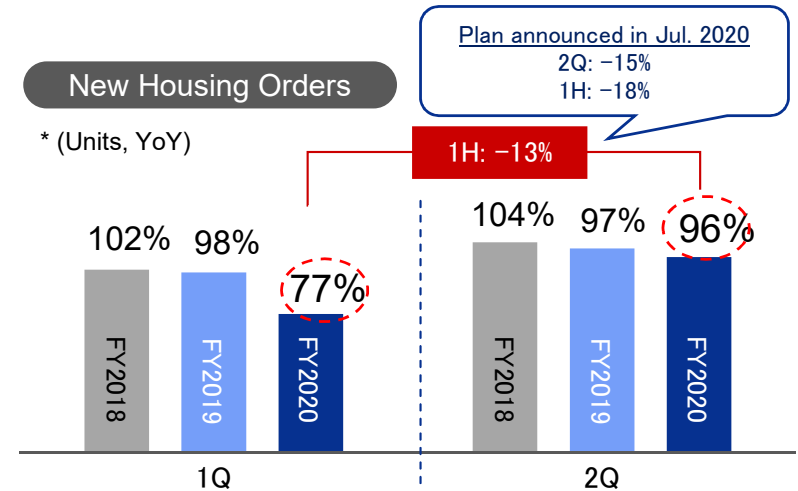


External Environment
04/2016 Kumamoto Earthquake

10/2019 Consumption tax raised from 8% to 10%
From 02/2020 Spread of COVID-19

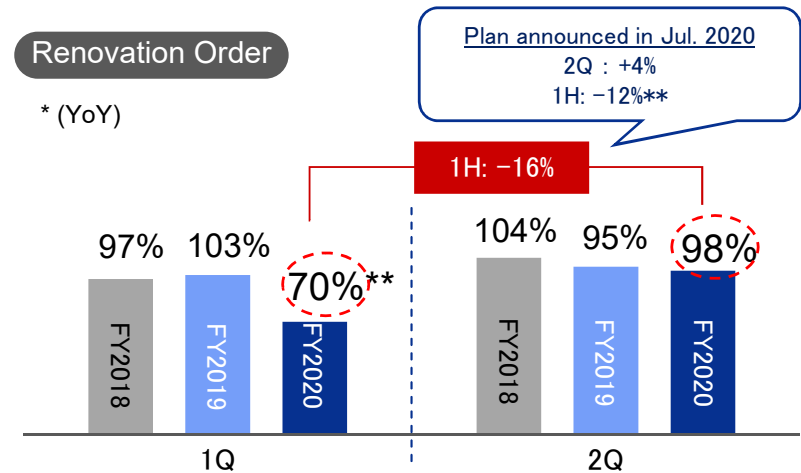
New Housing Orders

* (Units, YoY)



Renovation Order

* (YoY)



**Partial change due to reclassification of the portfolio

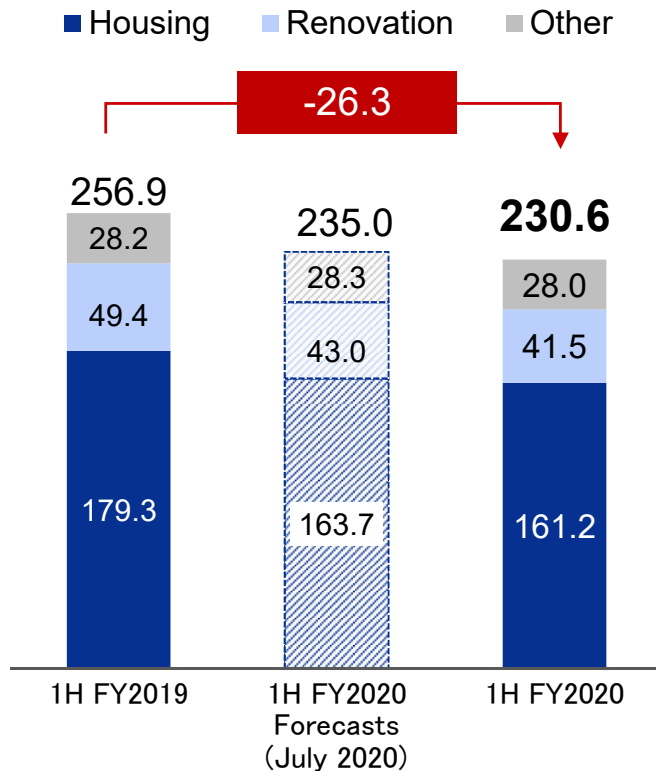
1H FY2020 Results: Net Sales and Operating Income

■ Despite a substantial decline in sales due to COVID-19 (including a drop in 1Q orders and delays in construction), progress in reducing costs and fortifying the business structure

- Housing: Offset the substantial decline in the number of houses sold through successful efforts to reduce costs; progress in fortifying the business structure through such measures as optimizing production
- Renovation: Despite a drop in sales, efforts to reduce costs progressed in excess of plans
- Other: Firm results mainly in the Real Estate Business; both sales and operating income in line with plans

Net Sales by Business

(Billions of yen)

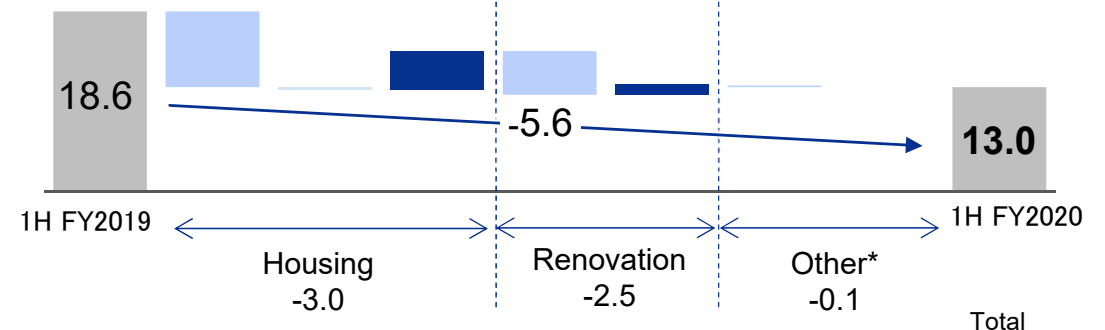


Analysis of Operating Income

(Billions of yen)

	Sales Factors	Marginal Profit Factors	Fixed Costs	Renovation Marginal Profit	Renovation Fixed Costs	Other Marginal Profit	Other Fixed Costs	Total
Forecasts (July)	-4.9	+0.1	+1.5	-2.8	+0.4	0	-0.1	-5.8
1H YoY	-5.7	-0.2	+2.9	-3.3	+0.8	-0.1	0	-5.6

Sales: - 489 units
*Plan (July) : -420units



	Sales Factors	Marginal Profit Factors	Fixed Costs	Renovation Marginal Profit	Renovation Fixed Costs	Other Marginal Profit	Other Fixed Costs	Total
1QYoY	-2.0	-0.4	+1.6	-1.8	+0.4	+0.3	0	-2.0
2QYoY	-3.7	+0.2	+1.3	-1.5	+0.4	-0.4	0	-3.6

*Other (Real Estate, Town and Community Development, Overseas, Residential)

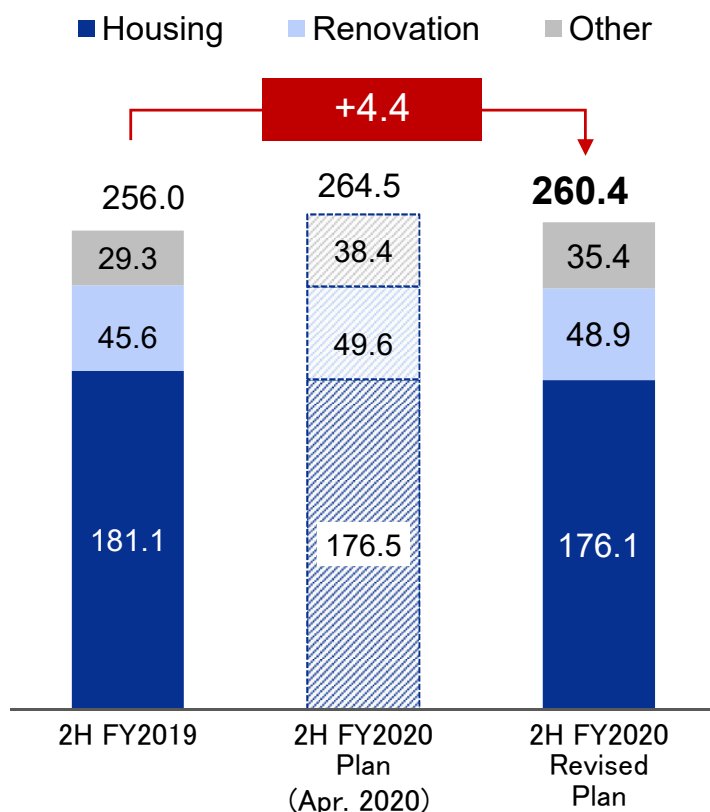
2H FY2020 Revised Plan: Net Sales and Operating Income

■ Decline in the number of houses sold offset by successful efforts to reduce costs and fortify the business structure; work to secure operating income at essentially the same level recorded in the previous year

- Housing: Despite a decline in the number of houses sold, continue to reduce costs and fortify the business structure
- Renovation: Continue to strengthen basic activities in such areas as periodic diagnosis while putting place the required structures and systems
- Other: The Town and Community Development Business to begin contributing to sales and profit in earnest

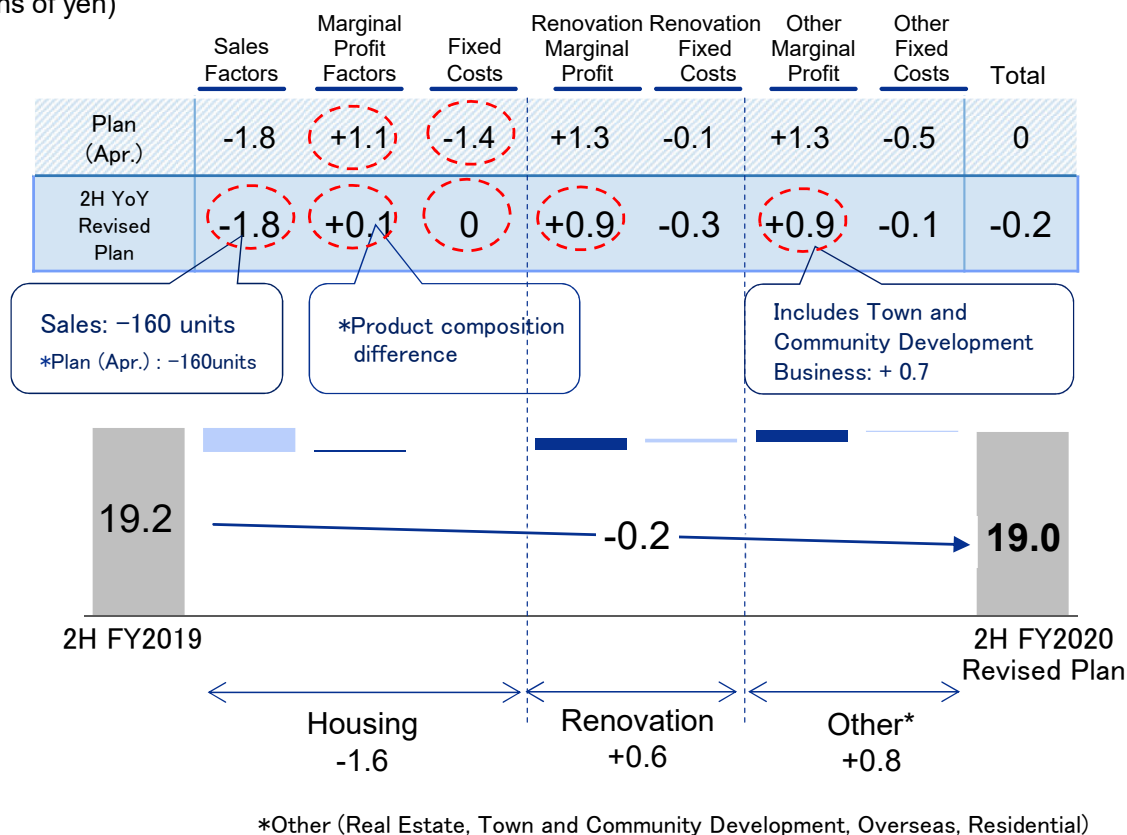
Net Sales by Business

(Billions of yen)



Analysis of Operating Income

(Billions of yen)



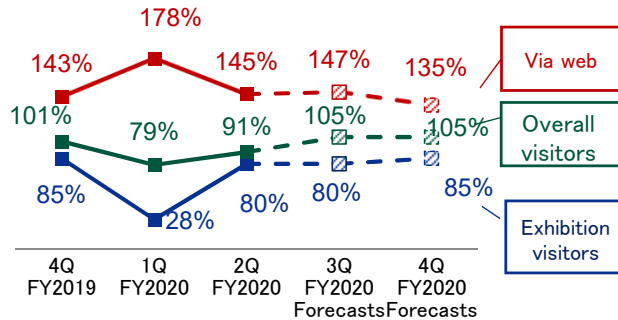
New Housing Orders

Secure 2H orders at the same level as the previous year by implementing three key measures aimed at generating growth (sales force, product strategies, and land strategies)

Customer and Order Trends

*%: YoY

Visitors Results / Forecasts



Number of Orders by Type of Construction

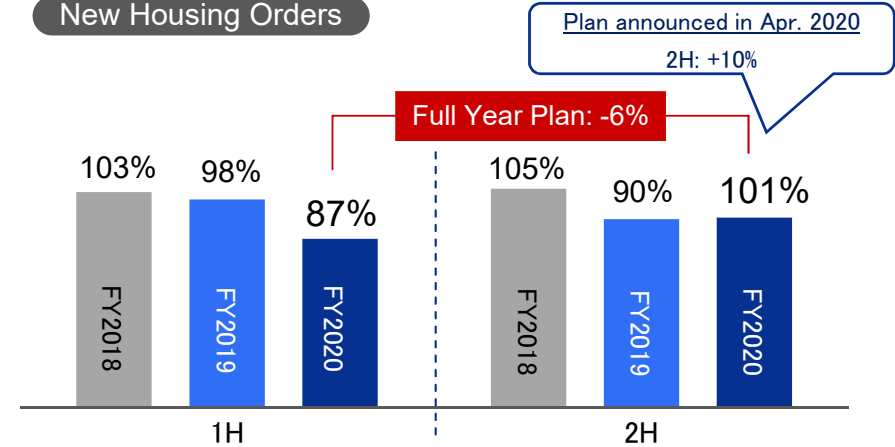
	1H	2H	3Q
Rebuilding	72%	83%	80%
New construction**	88%	103%	97%
Subdivision housing	103%	119%	105%
Of which, ready-built houses	115%	132%	141%
Total (Including apartment buildings)	87%	101%	97%

** Land: Client arrangement

2H Housing Order Plan

*%: YoY

New Housing Orders



Measure to Acquire Orders in 2H

* YoY

1H

2H

Sales Force

- Strengthened digital marketing mechanisms (number of WEB visitors, online negotiations)
- Increase the number of experience-based showrooms (FY2019-end: 23 locations → 1H FY2020-end: 27 locations)

- Improve contract efficiency by strengthening the use of experience-based showrooms
 - 1H FY2020-end: 27 locations → 2H FY2020-end plan: 34 locations
- Strengthen Smart House appeal
 - Expand orders of the new product GREENMODEL → Target a further increase in the ZEH ratio
- Ratio of ready-built house orders included in detached houses: FY2019: 9% → FY2020 plan: 12%

Product Strategies

- Strengthened Smart House products and resilience; rolled out the STAY&WORK model to all products

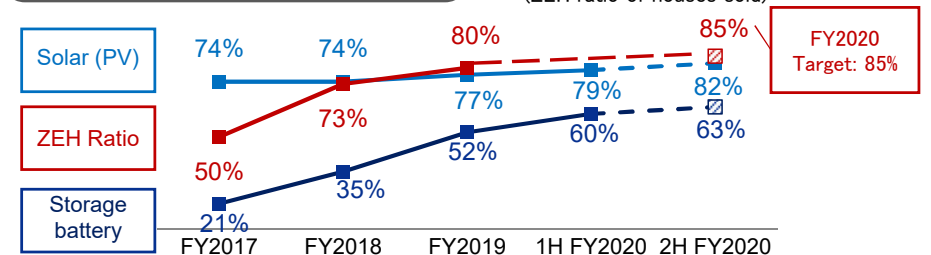
Target customers	Product	Strategy
Rebuilding	Parfait Series	Enhanced resilience (Apr.) Addressed "with COVID-19" needs (Jul.)
Target customers	Smart Power Station	→ STAY&WORK model (* All products)
First time buyer	Smart Power Station Urban	Expanded orders for ready-built houses

Land Strategies

- Further expanded land inventory (1H FY2020-end number of stock of land lots currently on sale: 113%*; including ready-built houses: 160%*)

Smart House-related Indicators*

*Detached house order installation rate (ZEH ratio of houses sold)



Business for Heim owners (Renovation, Real Estate), Town and Community Development

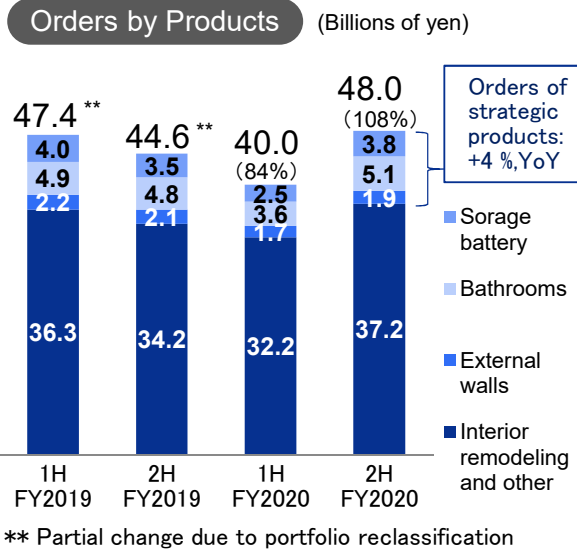
- Target a 2H YoY increase in Renovation Business orders; in addition to firm trends in the real estate rental and brokerage services businesses, strengthen renovation collaboration

Business for Heim Owners (Renovation)

*%: YoY

- Sales Structure
- Products
- Improve Productivity Increase CS

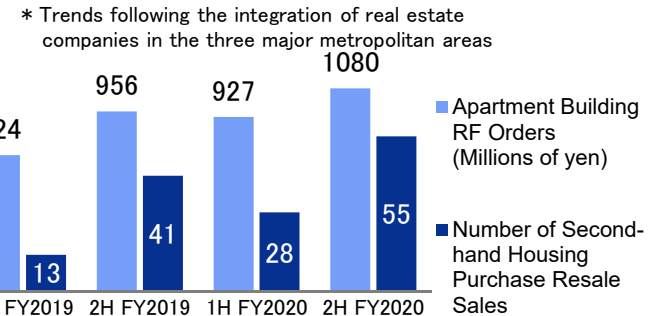
- Increase diagnostic efficiency and enhance proposal capabilities through Museum
 - Promote a shift to dedicated periodic diagnostics
 - Expand FamiS Museum throughout Japan (FY2019-end: 7 locations → 1H FY2020-end: 10 locations → 2H FY2020-end: 15 locations)
- Expand sales of products that address needs in the "With COVID-19" era
 - Focus on Smart House-related and proposal-based products
- Promote the leveling of sales



Business for Heim Owners (Real Estate)

- Strengthen collaboration with the Renovation Business
 - Expand apartment building renovation orders
 - Increase resources for second-hand housing purchase resale (also use as FamiS Galleries)

Apartment Building RF Orders/Number of Second-hand Housing Purchase Resale Sales



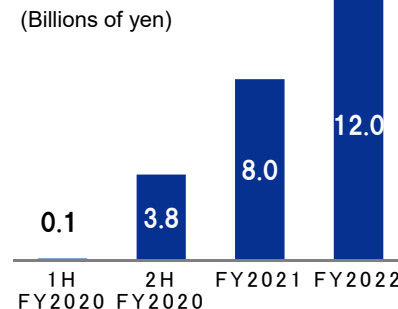
- The Town and Community Development Business to begin contributing to sales and profit from the 2H in earnest

Town and Community Development

- The ASAKA Leadtown
 - HEIM SUITE condominium units currently on sale; plan to sell 100 units in FY2020
 - Plan to open fee-based nursing home "Garden Court Asaka" (Nov.)
- Commenced sales of Higashi Matsuyama Lead Town
 - Business scale: 23 detached housing lots (from Oct.); 105 condominium units (from 2021)
- Expand the Town Management Business
 - Established a business alliance and joint venture with Gojin Planning Institute (Oct. 2020)
 - Utilize the detached house and subdivision management know-how of Sekisui and the condominium management expertise of Gojin Planning Institute while also realizing synergies

Town and Community Development Business Sales

* Excluding detached houses



ASAKA Leadtown Model Image



(Detached houses: 130; Condominium units: 212)



Urban Infrastructure and
Environmental Products
Company

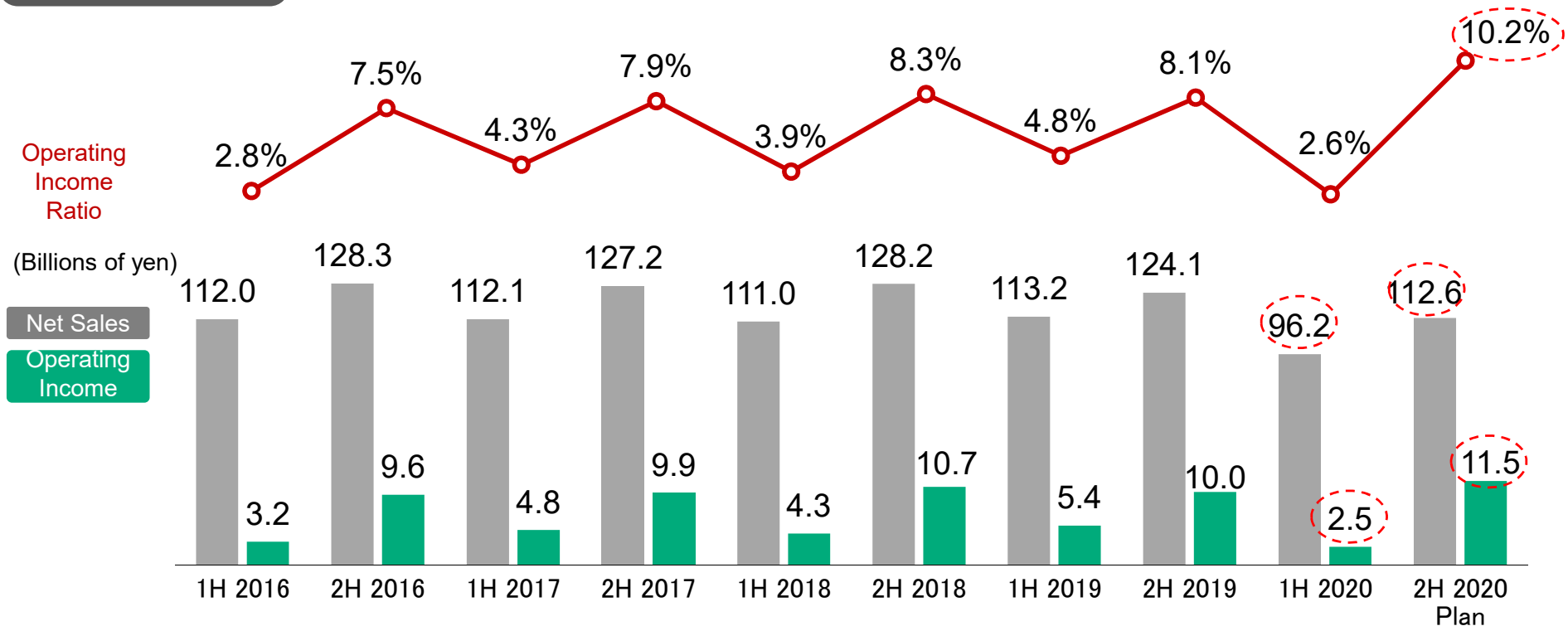
Yoshiyuki Hirai

Company President

Overview of 1H FY2020 Results

- While profit decreased substantially in the 1H due to the impact of COVID-19 (stoppages in domestic construction, overseas lockdowns, and slowdown in aircraft sheet demand), exceeded plans (Jul. 2020) on the back of successful efforts to reduce costs and implement structural reforms ahead of schedule
- While the pace of demand recovery is slower than expected, return to increased profit as cost reductions continue to take effect in the 2H; achieve a six-month operating income ratio of 10% for the first time, and aim for a record high profit for the 2H

Performance Trends



1H FY2020 Results: Net Sales and Operating Income

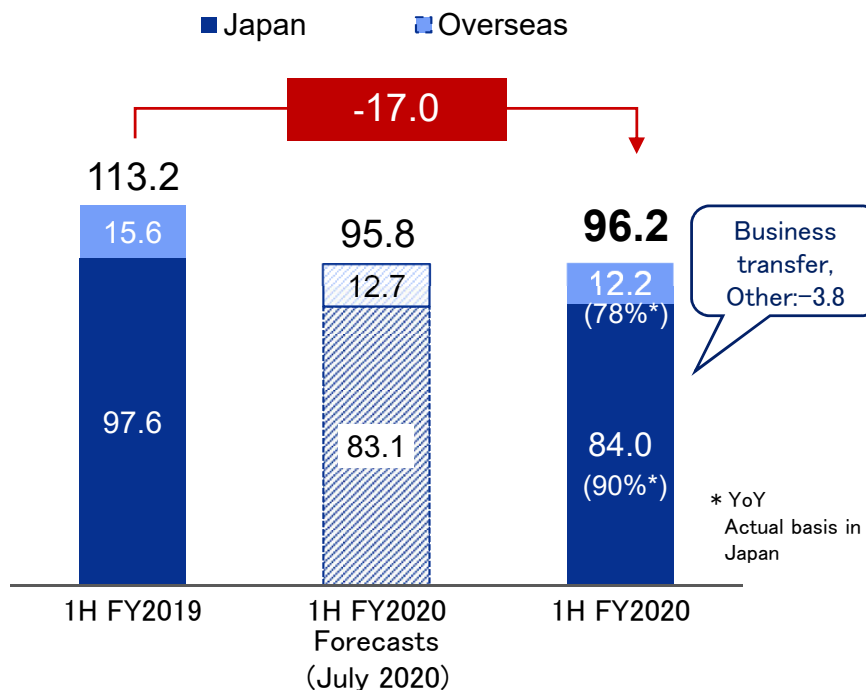
■ While sales volumes and the product mix decreased substantially due to the significant impact of COVID-19, exceeded plans (Jul. 2020) on the back of successful efforts to reduce costs

- Japan: Despite firm civil engineering demand, substantial impact from stoppages in construction; both prioritized* and general products struggled
- Overseas: Slowdown in aircraft sheet demand; pipeline renewal struggled due to the considerable impact of construction stoppages attributable to lockdowns
- Implemented structural reforms ahead of schedule; progress in reducing fixed costs in excess of plans

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

Net Sales

(Billions of yen)



- Sales decreased ¥13.2 billion on an actual basis excluding the impact of business transfer and other

Analysis of Operating Income

(Billions of yen)

	Consolidated-basis Change	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
Plan (July)	-0.1	0	-6.0	-0.2	+0.8	+0.6	+0.9	-3.9
1H YoY	-0.1	0	-5.8	-0.2	+0.9	+0.6	+1.7	-2.9
			Business transfer				Effect of structural reforms +0.8	

	1H FY2019	1H FY2020
Operating Income	5.4	2.5
Change		-2.9

	1Q YoY	2Q YoY	Total
Operating Income	0	-0.1	-1.4
Change	0	-0.1	-1.5

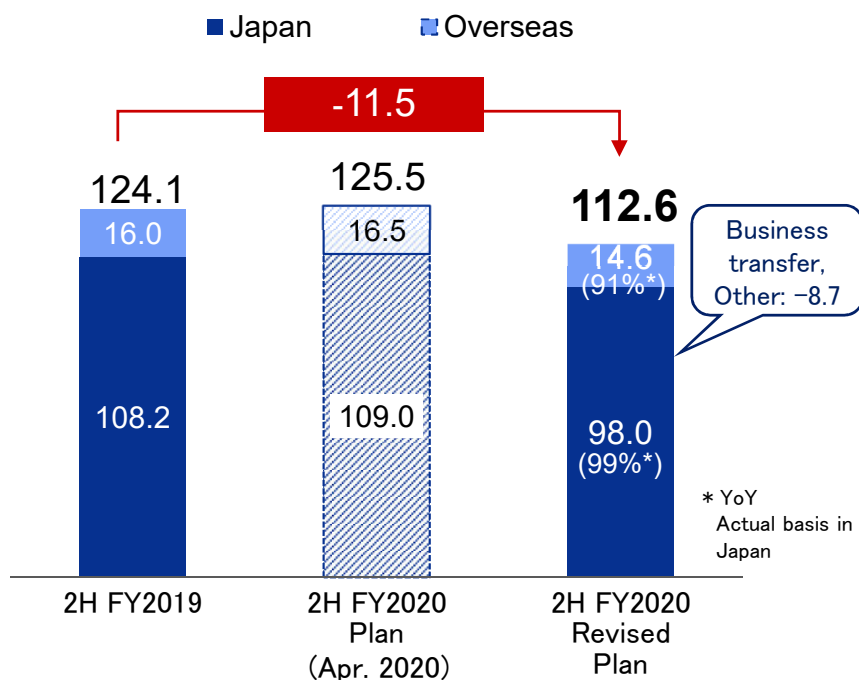
2H FY2020 Revised Plan: Net Sales and Operating Income

Amid a slower than anticipated recovery in demand, return to an increase in profit mainly through reductions in costs

- Japan: Substantial prioritized product growth (2H net sales plan: +20%*) * YOY
- Japan: Work to realize the effects of fixed cost reduction initiatives through improvements in operational efficiency and the reorganization of production
- Overseas: Sheet Business: Sluggish aircraft demand in the U.S.; promote expansion into other fields; firm FFU product (railway sleeper) demand

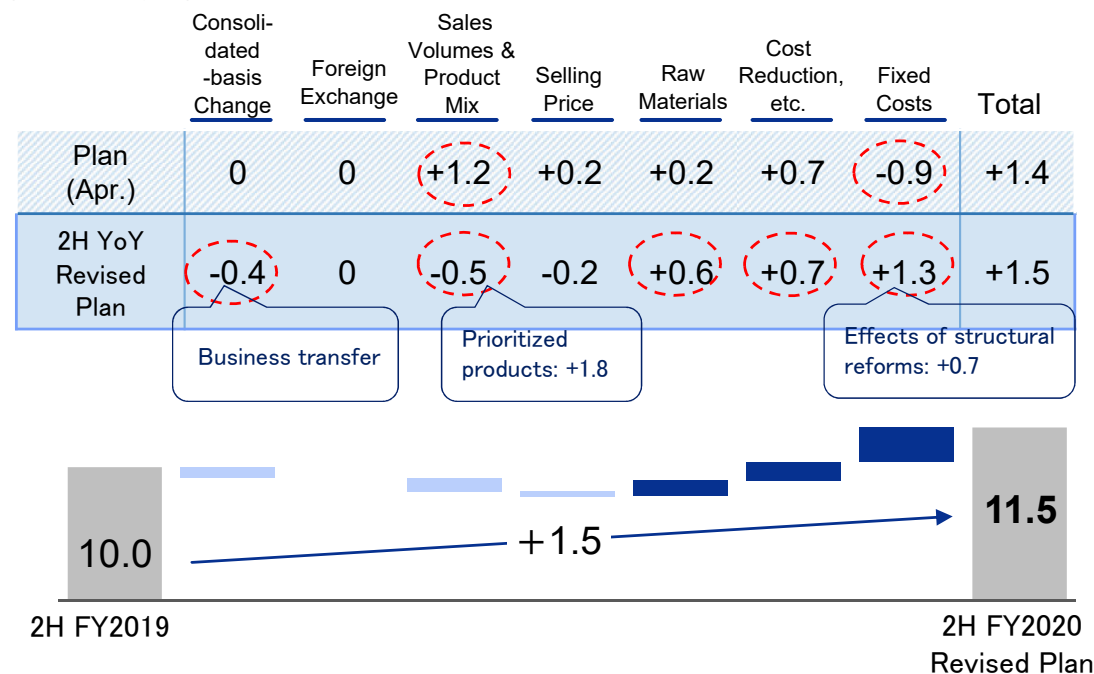
Net Sales

(Billions of yen)



Analysis of Operating Income

(Billions of yen)



- Sales decreased ¥2.9 billion on an actual basis excluding the impact of business transfer and other

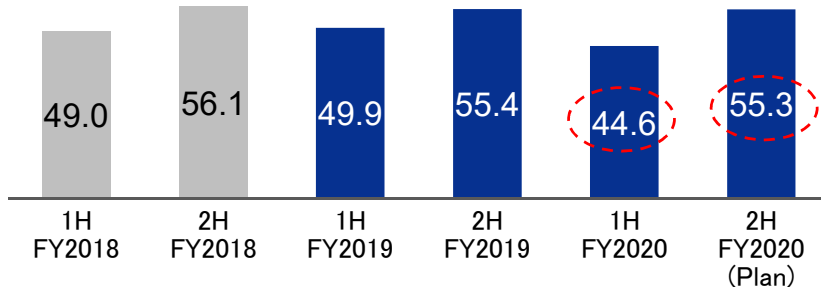
Three Strategic Fields and Structural Reforms

- Promoting further improvements in profitability through a shift to high-value-added products and structural reforms in each field

Net Sales in the Three Strategic Fields

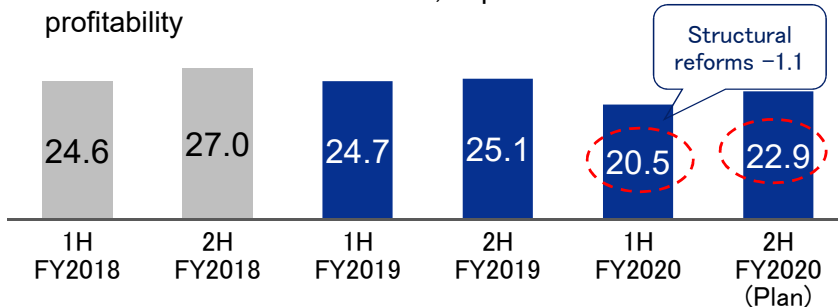
Piping and Infrastructure (Billions of yen)

- Piping materials, construction systems, and pipeline renewal struggled substantially in the 1H owing to the downturn in construction starts in Japan and the impact of stoppages and postponements in domestic and overseas construction; firm plant business conditions
- Return to around the previous year's level focusing mainly on prioritized products in the 2H



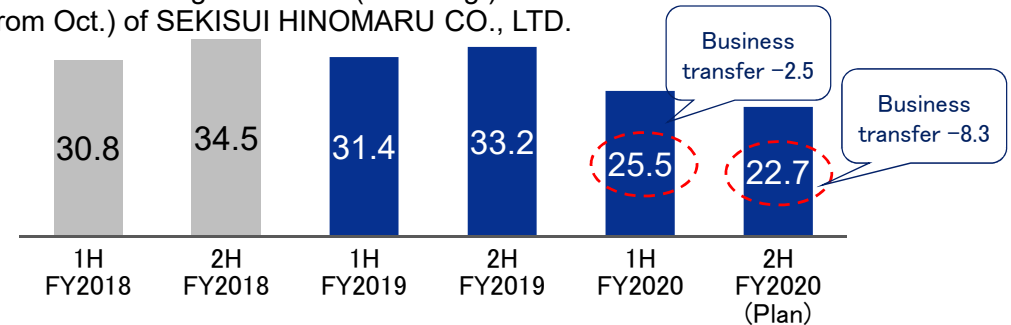
Building and Living Environment (Billions of yen)

- Despite a decrease in sales due to a downturn on construction starts in Japan and the impact of structural reforms in both the 1H and 2H, improvements in profitability



Advanced Materials (Billions of yen)

- Sheets: Substantial decrease in aircraft-related demand; completed steps to optimize manufacturing systems
- FFU products (railway sleeper application): Establishing production bases in Europe (plans to commence operations in the 2H of FY2022)
- Transfer of the Agri business (from Aug.) and Molded Product business (from Oct.) of SEKISUI HINOMARU CO., LTD.

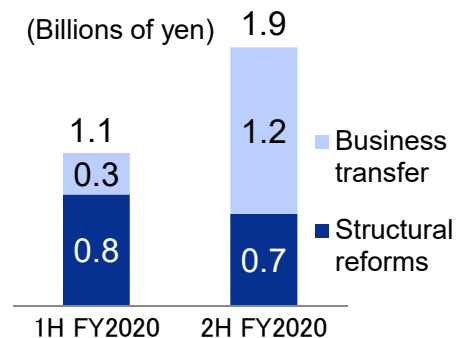


Structural Reforms

- Progress in excess of plans in the reduction of fixed costs through structural reforms

Main Measures and Amount of Fixed Cost Reduction* *YOY

- Transfer of underperforming businesses
- Reorganization of production and investment in automation
- Utilizing DX to increase the efficiency of operations
 - Promoting the adoption of products through WEB seminars
 - Working to avoid the 3Cs (closed spaces, crowded places, close-contact settings) through WEB-based workshops

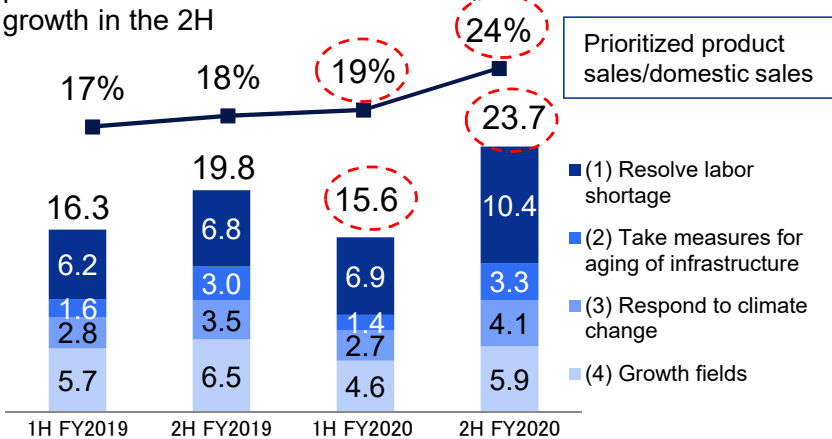


Growth Strategy (Prioritized Products, Overseas)

Expansion in Prioritized Products

Prioritized Products Sales (Billions of yen)

- While sales declined increase in the ratio of prioritized product sales to total sales in the 1H; toward substantial growth in the 2H



Product Example

(1) ESLO HYPER AHP



Earthquake-resistant high-performance polyethylene pipe for high-rise construction; flexible and lightweight for **easy construction**

(2) SPR-SE



Rehabilitation of aged sewage pipes; **renew sewers** without digging up roads

(3) High Flowrate Drainage System



Siphon-type rainwater drainage system; **secures the drainage amount to handle heavy rainfall** without increasing pipe diameter

(4) SEW



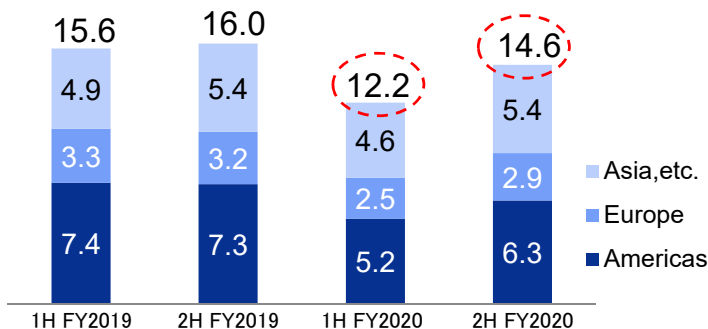
Use for construction of shields for digging tunnels, etc.; **eliminates the need to open the retaining wall** via machinery/human power.

Expansion of Overseas Business

* Including the export of domestic products

Sales by Overseas Area (Billions of yen)

- Despite the significant impact of COVID-19 mainly on sheets in the 1H, toward a gradual recovery in the 2H



Strategy by Overseas Region

Businesses/Products	Strategies	Europe	Americas	Asia
Sheets	<ul style="list-style-type: none"> Promote expansion into medical-, railway-, and other-related applications (Europe, Americas) Promote rationalization investments 	✓	✓	
Advanced materials (FFU)	<ul style="list-style-type: none"> Establish production bases in Europe (Plans to commence operations in the 2H of FY2022) Cultivate new railway sleeper customers (Americas, Asia); cultivate new applications 	✓	✓	
Pipeline renewal	<ul style="list-style-type: none"> Strengthen collaboration with leading partners (Europe, Americas, Asia) Introduce new products 	✓	✓	✓
Plant and industrial piping	<ul style="list-style-type: none"> Expand cooperation with Vietnam TP Corporation Improve productivity at the Taiwan plant in the Plant business 	✓		✓
Architectural piping materials	<ul style="list-style-type: none"> Enter Asian market (prioritized products) 			✓



Medical Business

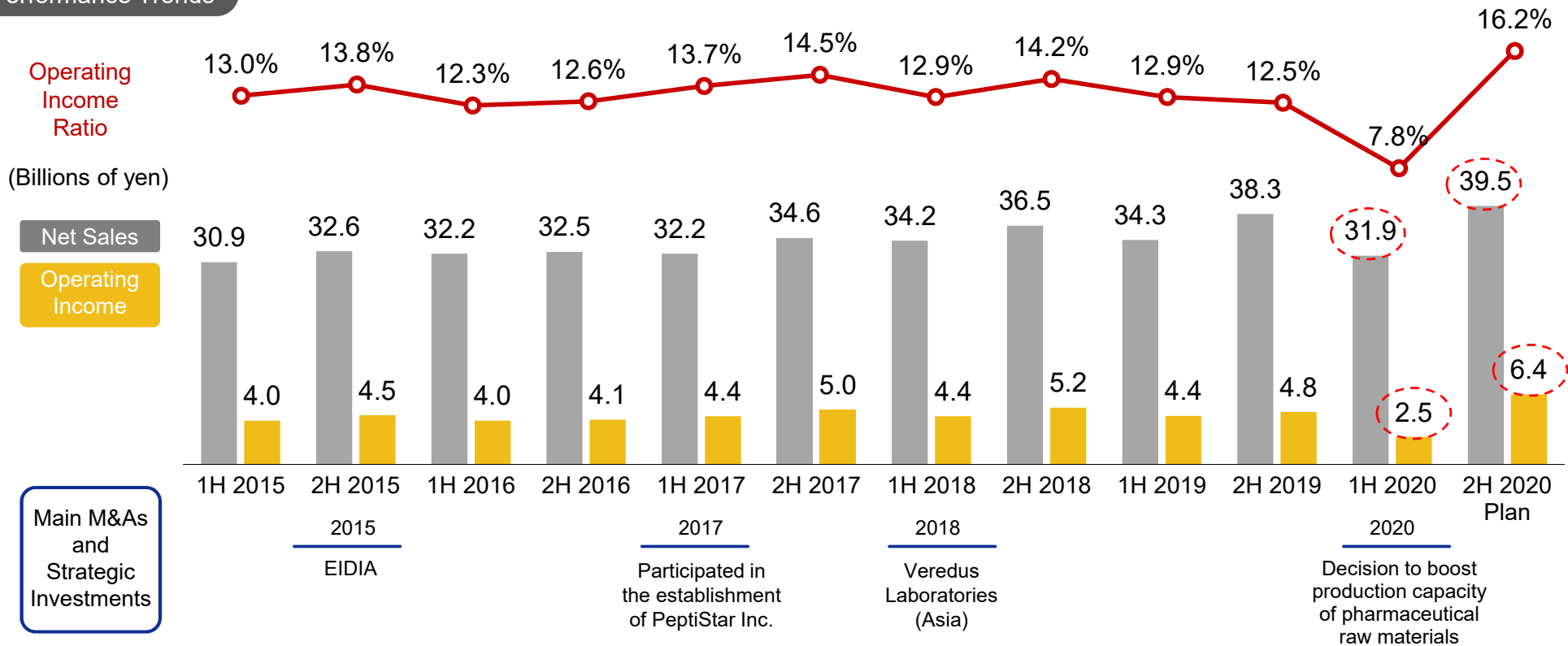
Futoshi Kamiwaki

Director
Senior Managing Executive Officer
Head of Business Strategy Department

Overview of 1H FY2020 Results

- Significant impact of COVID-19 mainly on the number of outpatient tests, substantial decline in profit in the 1H
- Despite the forecast of a greater than anticipated prolonged impact from COVID-19, plans for return to increased profit owing to a certain degree of market environment recovery and successful efforts to reduce costs in the 2H

Performance Trends

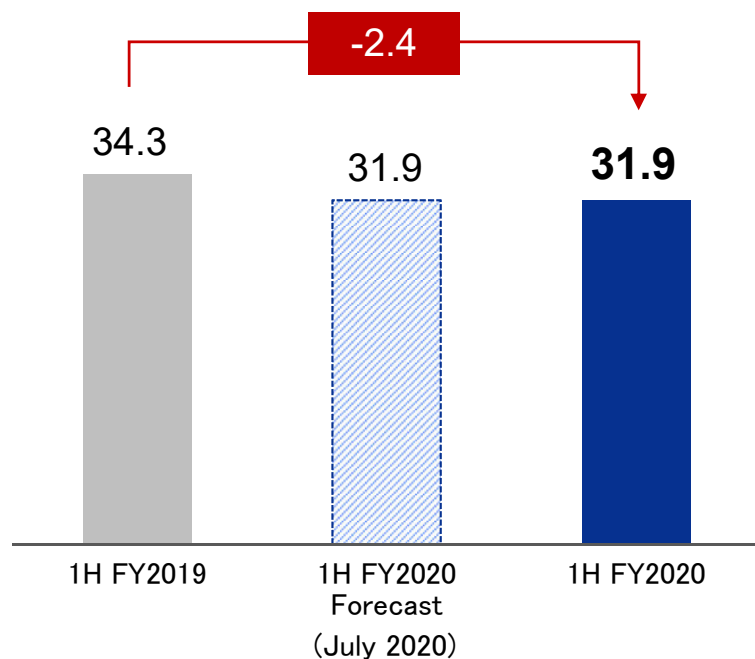


1H FY2020 Results: Net Sales and Operating Income

- Despite the greater than anticipated prolonged impact of COVID-19 (mainly on the Diagnostics Business), achieved operating income in excess of plans (Jul. 2020) on the back of successful efforts to reduce costs
- Steady progress in the Pharmaceutical Sciences Business; secured an increase in profit

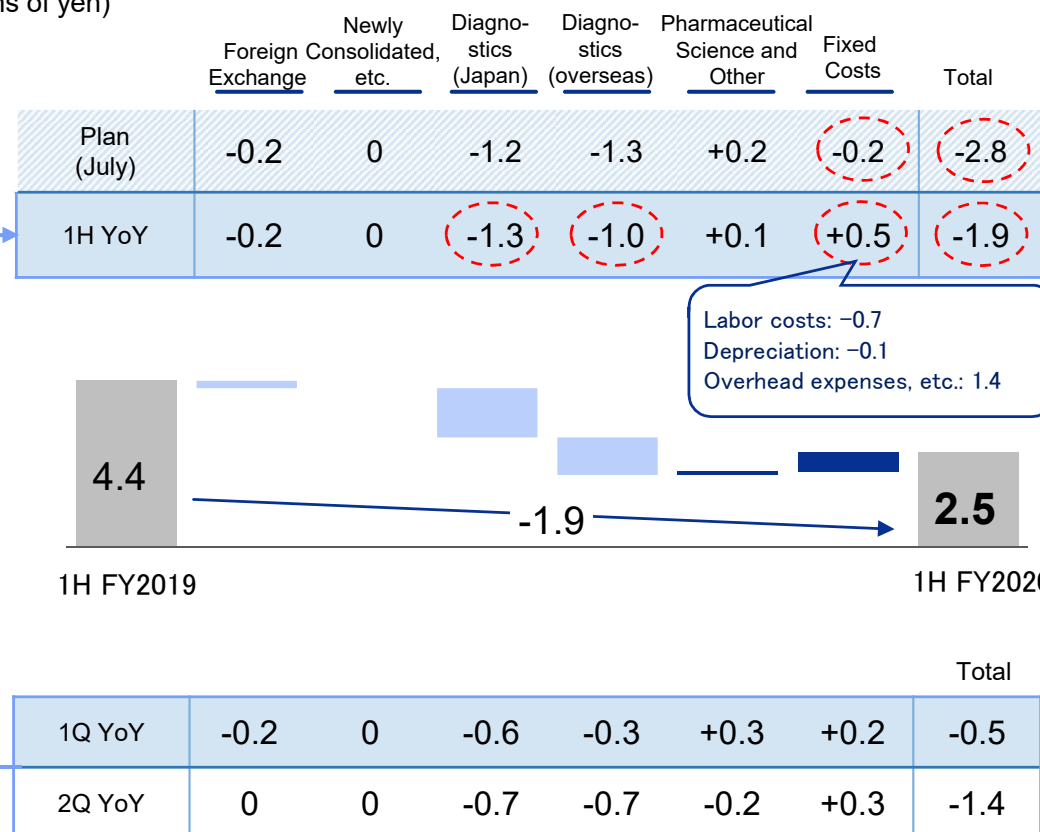
Net Sales

(Billions of yen)



Analysis of Operating Income

(Billions of yen)

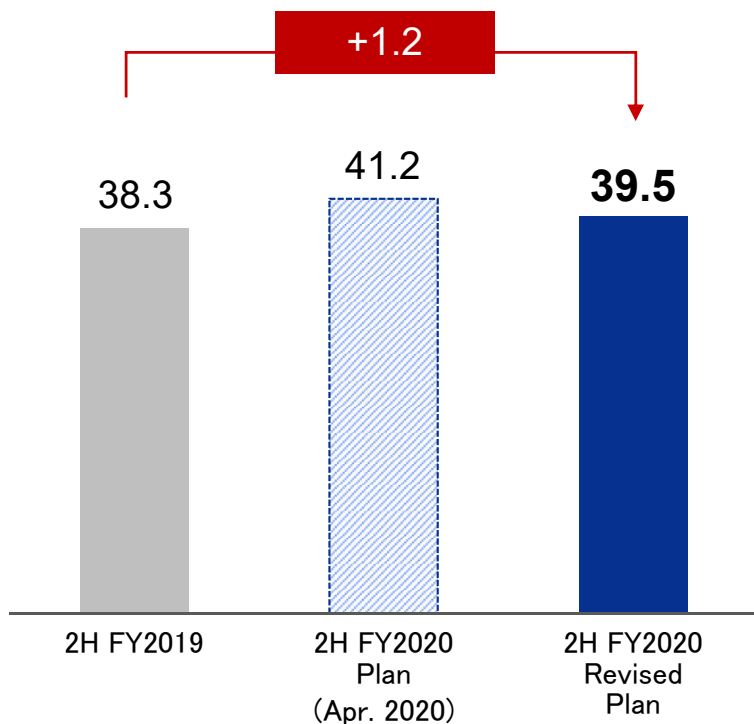


2H FY2020 Revised Plan: Net Sales and Operating Income

- Despite a greater than anticipated prolonged impact of COVID-19, target an increase in profit backed by a certain degree of demand recovery in the Diagnostics Business and expansion of the Pharmaceutical Sciences Business
- Control fixed costs other than growth investments

Net Sales

(Billions of yen)

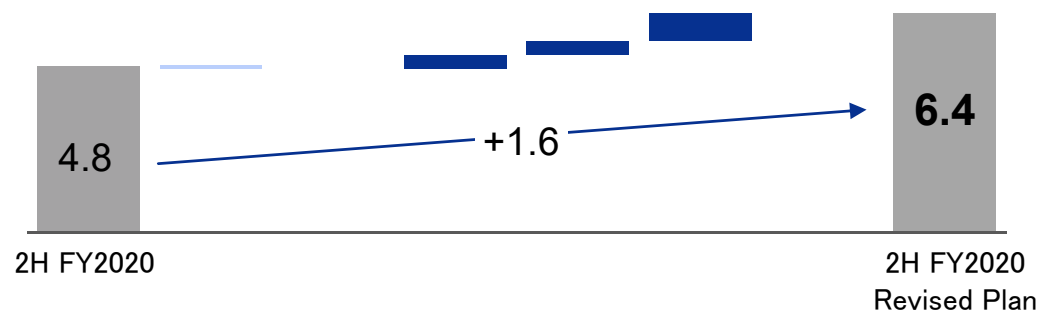


Analysis of Operating Income

(Billions of yen)

	Foreign Exchange	Newly Consolidated, etc.	Diagnostics (Japan)	Diagnostics (overseas)	Pharmaceutical Science and Other	Fixed Costs	Total
Plan (Apr.)	+0.1	0	+1.3	+0.5	+0.9	-0.7	+2.1
2H YoY Revised Plan	-0.1	0	+0.4	+0.4	+0.8	0	+1.6

Labor costs: -0.3
 Depreciation: -0.4
 Overhead expenses, etc.: +0.7

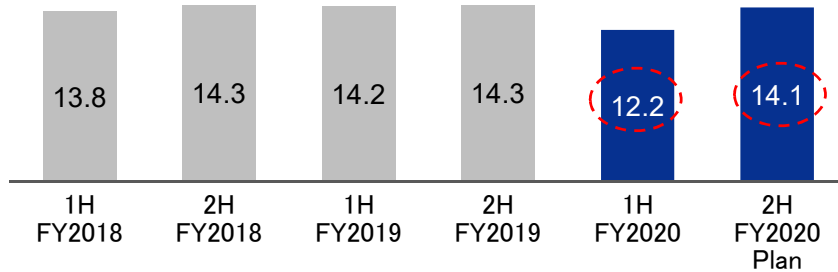


■ Despite a greater than anticipated prolonged impact of COVID-19 on the Diagnostics Business, projecting a recovery in the 2H; accelerate Pharmaceutical Sciences Business expansion

Trends in Net Sales by Business and Overview of Progress

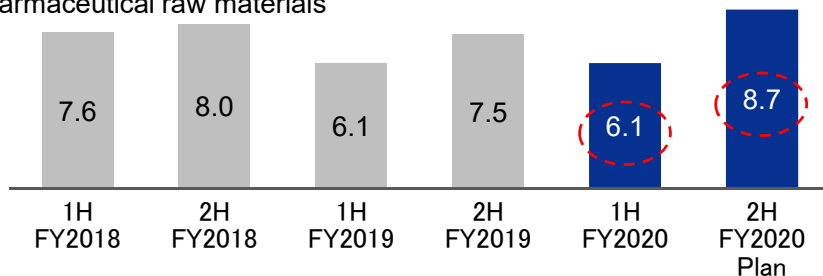
Diagnostics (Japan) (Billions of yen)

- Decline in sales in the 1H owing to the decrease in the number of lifestyle disease diagnostics (biochemistry, diabetes, etc.) outpatients
- Return to around the previous year's level owing to a recovery in the number of outpatients and new product sales growth in the 2H



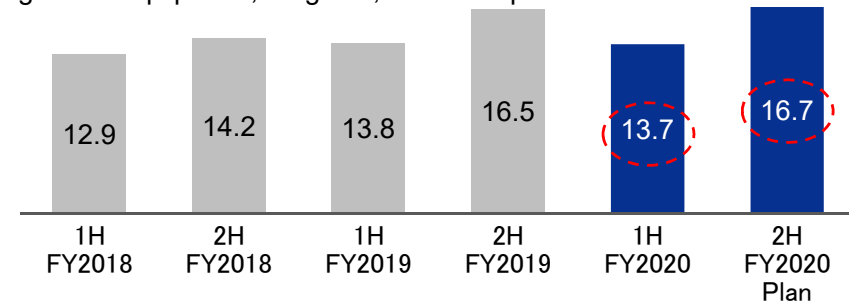
Pharmaceutical Sciences (Pharmaceutical and Fine Chemicals, Drug Development Solutions, Enzymes) (Billions of yen)

- Despite the impact of lockdowns (U.S. Drug Development Solutions), overall steady progress while securing an increase in sales in the 1H; new pharmaceutical ingredients begin to contribute to sales and profit in the 2H
- Decision to substantially increase production capacity of pharmaceutical raw materials



Diagnostics (overseas) (Billions of yen)

- Despite a temporary drop in demand attributable to the impact of lockdowns (including the temporary closure of clinics), performance essentially in line with levels recorded in the previous year due to such factors as sales growth in COVID-19 diagnostic kits
- Projecting an increase in sales in the 2H owing to a recovery in demand as well as increased sales of COVID-19 diagnostic kits and expansion of blood coagulation equipment, reagents, and other products in China



Boost in Production Capacity of Pharmaceutical Raw Materials

- Boost production capacity of active pharmaceutical ingredients and pharmaceutical intermediates for small molecule pharmaceuticals by 25% (Iwate Plant from March 2023)
- Establish a CDMO structure of raw materials used in therapeutic proteins (biopharma) (U.K. Plant from September 2022)

◎ Strengthen through capital investment

	Small molecule drugs	Peptide (medium-size molecule) pharmaceuticals	Therapeutic proteins
Development	○	○	○
Manufacture	◎	○	◎
Sales	○	○	○

**Intentionally
Blank**



Financial Results

for 1H FY2020

Consolidated Companies

Number of Consolidated Companies

	Mar. 31, 2020	Sept. 30, 2020	Difference
Consolidated Subsidiaries	163	165	Increased: 2 Subsidiaries* ¹ Decreased: 0 Subsidiaries
Affiliates (Equity Method)	8	8	Increased: 0 Subsidiaries Decreased: 0 Subsidiaries

*1 SEKISUI POLYMATECH EUROPE B.V., SEKISUI BIO REFINERY CO., LTD.

Impact of Change in the Number of Consolidated Companies

(Billions of yen)

	1H FY2020 (YoY)	Difference
Net Sales	+1.6	SEKISUI AEROSPACE CORPORATION* ² SEKISUI HINOMARU CO., LTD. (partial business transfer) * ³ , other
Operating Income	-4.0	

*2 Newly consolidated from 4Q FY2019

*3 Partial business transfer during the 2Q of FY2020

Summary of Profit and Loss

(Billions of yen)		1H FY2019	1H FY2020	Difference
Net Sales		556.5	490.0	-66.5
Gross Profit		179.4	151.9	-27.5
Gross Profit Margin		32.2%	31.0%	-1.2%
Selling, Gen. and Admin. Expenses		137.9	129.7	-8.2
Operating Income		41.5	22.1	-19.3
Equity in Earnings of Affiliates		1.4	1.0	-0.4
Other Non-operating Income and Expenses		-0.8	-2.8	-2.0
Ordinary Income		42.1	20.4	-21.7
Extraordinary Income		5.1	-	-5.1
Extraordinary Loss		6.1	1.2	-4.8
Income before Income Taxes		41.2	19.2	-22.0
Corporate Income Tax, etc.		10.6	5.8	-4.8
Net Income Attributable to Non-controlling Interests		0.9	0.7	-0.2
Net Income Attributable to Owners of the Parent		29.6	12.7	-16.9
Foreign Exchange (Avg. rate)	1US\$	109	107	
	1€	121	121	

Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2020	Sept. 30, 2020	Difference
Cash and Deposits	76.8	83.5	+6.7
Account Receivable on Sales	174.1	145.2	-29.0
Inventories	217.2	229.4	+12.2
Other Current Assets	23.7	26.3	+2.6
Tangible Non-current Assets	337.3	348.5	+11.3
Intangible Non-current Assets	101.1	95.2	-5.8
Investments in Securities	140.9	151.3	+10.5
Investments & Other Assets	31.3	29.4	-1.9
Total Assets	1,102.4	1,108.9	+6.6

Inventories (B/S item)	Sept. 30, 2020	Difference
Ready-built housing (products)	23.4	+6.5
Prepared land for subdivision housing	55.2	+4.6
Land under preparation (work in process)	16.7	+1.6
Housing under construction (work in process)	28.8	+1.7
Components, other (raw materials)	3.9	0
Housing Total	127.9	+14.4
Non-residential total (products, other)	101.5	-2.1
Inventories Total	229.4	+12.2

Capital investment: +29.7
 Depreciation and amortization: -18.8
 Consolidation: +1.0

At fair value: +9.0

Change of Consolidated Subsidiaries:
 ▶ +1.1
 Foreign exchange:
 ▶ +1.3
 Actual basis: +4.2

Balance Sheets (Liabilities & Net Assets)

(Billions of yen)	Mar. 31, 2020	Sept. 30, 2020	Difference
Non-interest-bearing Liabilities	350.4	317.5	-32.9
Interest-bearing Liabilities	117.7	151.6	+33.9
(Net interest-bearing Liabilities)	(40.8)	(68.1)	(+27.2)
Total Liabilities	468.1	469.1	+1.0
Capital Stock etc.	209.3	208.9	-0.4
Retained Earnings	433.0	422.5	-10.5
Treasury Stock	-44.1	-38.3	+5.8
Unrealized Holding Gain on Securities	27.5	35.7	+8.2
Non-controlling Interests	24.9	25.6	+0.7
Other Net Assets	-16.2	-14.5	+1.7
Total Net Assets	634.3	639.8	+5.6
Total Liabilities, Net Assets	1,102.4	1,108.9	+6.6
Equity to Total Assets (%)	55.3%	55.4%	+0.1%
D/E Ratio (Net)	0.07	0.11	+0.04

Net income
+12.7

Dividends paid
-10.5

Retirement of
treasury stock
-12.7

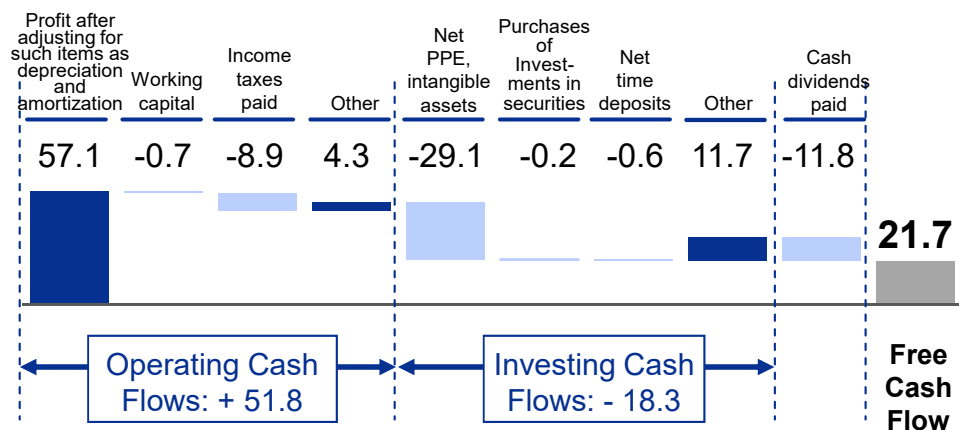
Purchases of
treasury stock
-7.2

Retirement of
treasury stock
+12.7

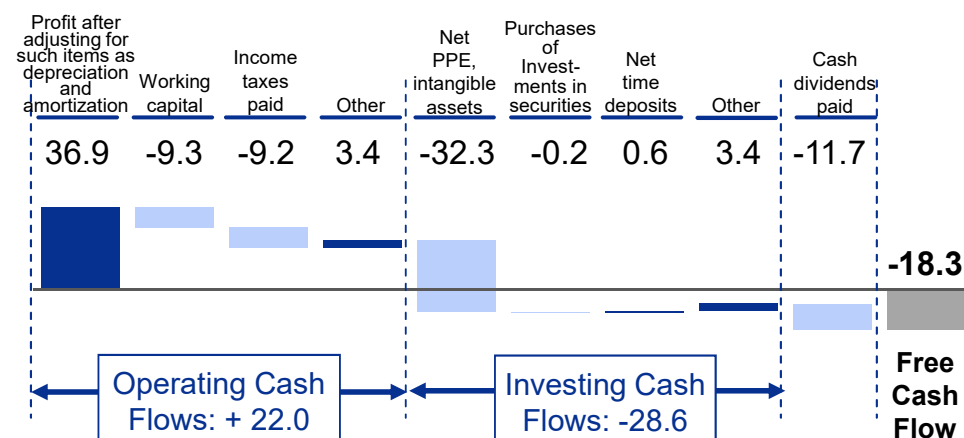
Consolidated Cash Flows

(Billions of yen)	1H FY2019	1H FY2020
Operating Cash Flows	51.8	22.0
Investing Cash Flows	-18.3	-28.6
Financing Cash Flows	4.0	13.0
Net Increase in Cash and Cash Equivalents	35.3	7.2
Cash and Cash Equivalents at the End of Term	105.6	82.1
Free Cash Flow =Operating Cash Flows + Investing Cash Flows - Dividends Paid	21.7	-18.3

1H FY2019 Free Cash Flow



1H FY2020 Free Cash Flow



Depreciation and Amortization, Capital Expenditures, EBITDA

(Billions of yen)	Depreciation ^{*1}			Goodwill and Other Amortization ^{*2}			Capital Expenditures			EBITDA ^{*3}		
	1H FY2019	1H FY2020	Difference	1H FY2019	1H FY2020	Difference	1H FY2019	1H FY2020	Difference	1H FY2019	1H FY2020	Difference
Housing	4.7	4.8	+0.1	0.1	0	-0.1	7.5	6.7	-0.8	23.3	17.8	-5.5
UIEP	3.7	4.2	+0.4	0.1	0	-0.1	5.2	10.0	+4.8	9.2	6.7	-2.6
HPP	8.1	8.8	+0.7	0.8	2.5	+1.7	14.8	8.7	-6.1	28.6	20.2	-8.4
Medical	1.7	1.8	+0.1	1.0	0.9	-0.1	1.8	2.0	+0.2	7.1	5.2	-1.9
Others	0.8	1.0	+0.1	0	0	0	3.1	2.5	-0.7	-4.5	-3.2	+1.3
Eliminations or Unallocatable Accounts	1.0	0.4	-0.6	-	-	-	0.3	0.3	0	-0.3	-0.2	0
Total	19.9	20.9	+0.9	2.0	3.5	+1.5	32.8	30.2	-2.6	63.4	46.5	-17.0

*1 Depreciation does not include amortization of intangible assets as a result of M&A

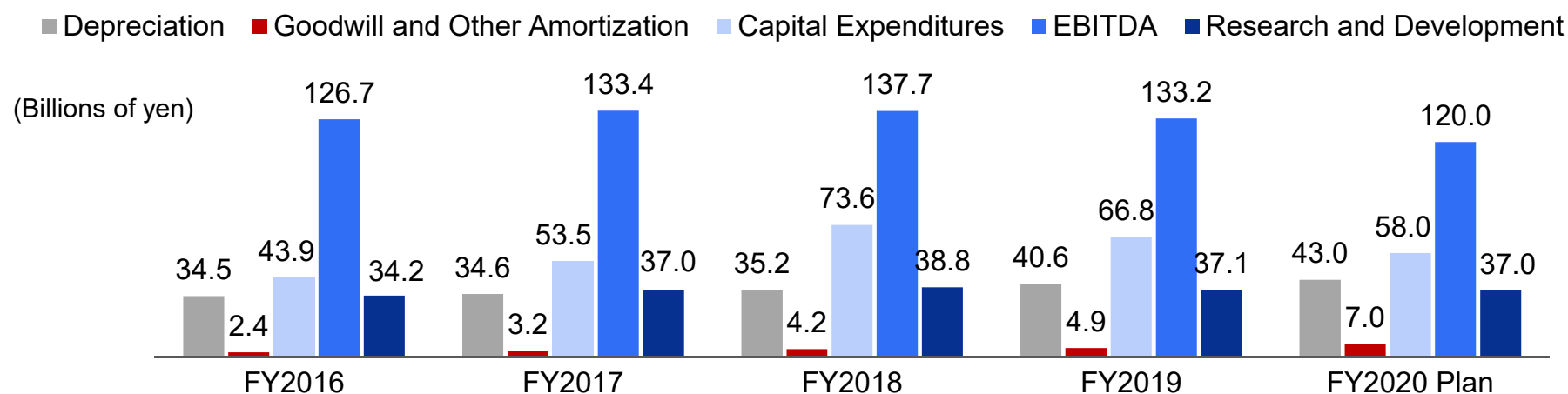
*2 Goodwill and Other Amortization = Goodwill amortization + Amortization of intangible assets as a result of M&A

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

Depreciation and Amortization, Capital Expenditures, Research and Development Expenditure

(Billions of yen)	FY2019	FY2020 (Plan)	Difference
Depreciation	40.6	43.0	+2.4
Goodwill and Other Amortization	4.9	7.0	+2.1
Capital Expenditures	66.8	58.0	-8.7
EBITDA	133.2	120.0	-13.2
Research and Development Expenditure	37.1	37.0	-0.1

Depreciation and Amortization, Capital Expenditures, Research and Development Expenditure



Housing Company Results and Plan

1. Main data in Housing business		FY2020			FY2019		
		1H	2H (plan)	Annual (plan)	1H	2H	Full Year
CONSOLIDATED	Net Sales (Billions of yen)	230.6	260.4	491.0	256.9	256.0	512.9
	Housing	161.2	176.1	337.3	179.3	181.1	360.4
	Renovation	41.5	48.9	90.4	49.4	45.6	95.0
	Other	28.0	35.4	63.4	28.2	29.3	57.5
	Real estate	23.4	26.0	49.4	22.2	23.3	45.5
	Residential Services	3.7	4.0	7.6	4.0	4.0	7.9
	Town and Community Development	0.1	3.8	3.9	0.1	0.1	0.2
	Overseas	0.6	1.1	1.7	1.0	0.9	1.9
OTHERS	1. Number of houses sold (Housing units)	4,910	5,350	10,260	5,425	5,485	10,910
	Detached houses	4,645	5,140	9,785	5,120	5,080	10,200
	Heim	3,705	4,110	7,815	4,050	3,980	8,030
	Two-U	940	1,030	1,970	1,070	1,100	2,170
	Apartment buildings	265	210	475	305	405	710
	2. Main data						
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	31.5	-	-	31.4	31.5	31.5
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	87.8	-	-	85.9	87.5	86.8
	Floor space (Square meter)	118.4	-	-	120.6	118.8	119.7
	Exhibition places (Units)	439	-	437	447	-	446
Sales staff (Number of person)	2,612	-	2,500	2,636	-	2,487	
Rebuilding ratio (%)*	19%	19%	19%	24%	23%	23%	
Referral sales ratio (%)*	36%	35%	36%	33%	34%	34%	

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

Housing Company Results and Plan

2. Housing orders

(Millions of yen)	FY2020			FY2019			FY2018		
	1H	2H (plan)	Annual (plan)	1H	2H	Full Year	1H	2H	Full Year
Year-start Backlog	205,400	194,500	-	219,500	217,320	-	206,900	213,900	-
Growth Rate	-6%	-11%	-	+6%	+5%	-	±0%	+3%	-
New Orders	175,319	198,761	374,080	203,590	193,472	397,062	206,423	217,375	423,798
Growth Rate	-14%	+3%	-6%	-1%	-11%	-6%	+2%	+5%	+3%
Sales of Housing/Renovation	186,219	207,361	393,580	205,770	205,392	411,162	199,423	211,775	411,198
Growth Rate	-9%	+1%	-4%	+3%	-3%	±0%	-1%	+2%	+1%
End-balance	194,500	185,900	-	217,320	205,400	-	213,900	219,500	-
Growth Rate	-11%	-9%	-	+2%	-6%	-	+3%	+6%	-

3. Housing starts

(Units)	FY2020			FY2019			FY2018
	1H	2H (plan)	Annual (plan)	1H	2H	Full Year	Full Year
Housing starts	413,000	383,000	796,000	466,692	416,995	883,687	952,936
Privately-owned houses (included in above) =A	130,000	120,000	250,000	152,973	130,365	283,338	287,710
Detached house sales by our company=B (Unit base)	4,645	5,140	9,785	5,120	5,080	10,200	10,200
Our share in Detached houses=B/A	3.6%	4.3%	3.9%	3.3%	3.9%	3.6%	3.5%

**“Housing starts” and “Privately-owned houses” after 1H of FY2020 are based on forecasts

4. The ratio of houses equipped with smart specifications

	FY2020			FY2019			FY2018
	1H	2H (plan)	Annual (plan)	1H	2H	Full Year	Full Year
Solar power generation systems installed	79%	82%	81%	77%	78%	77%	74%
Storage battery installed	60%	63%	61%	52%	57%	55%	35%
Comfortable Air System	72%	73%	73%	78%	76%	77%	77%



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.