

Presentation Meeting on the Financial Results for the First Quarter of FY2010

Hajime Kubo

Director

Executive Officer

Responsible for Corporate Communication Department

SEKISUI CHEMICAL CO., LTD.

29 July, 2010

Summary of Profit and Loss

(Billions of yen)

	FY2010			FY2009		Difference	
	1Q	1H		1Q	1H	1Q	1H (Revised Plan)
		Revised Plan	Initial Plan				
Net Sales	196.3 (44%)*	446.0	440.0	169.5 (42%)**	405.8	26.8	40.2
Operating Income	0.9	17.5	14.5	-5.6	11.5	6.5	6.0
Recurring Income	-0.3	16.5	13.5	-7.4	9.9	7.1	6.6
Net Income	-3.0	6.0	4.0	-7.1	1.9	4.1	4.1

*:1Q of FY2010 / 1H of FY2010 Revised Plan

** : 1Q of FY2009 / 1H of FY2009


Net Sales and Operating Income by Company

(Billions of yen)

	FY2010						FY2009				Difference	
	1Q		1H				1Q		1H		1H (Revised Plan)	
	Net Sales	Operating Income	Revised Plan		Initial Plan		Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
			Net Sales	Operating Income	Net Sales	Operating Income						
Housing	86.0 (42%)*	-0.6	206.0	10.0	205.0	10.0	77.1 (39%)**	-3.5	196.4	8.8	9.6	1.2
UIEP***	37.5 (42%)*	-3.2	90.0	-3.0	90.0	-3.0	37.5 (42%)**	-3.9	89.6	-3.7	0.4	0.7
HPP****	68.2 (48%)*	5.3	142.0	11.0	137.0	8.0	50.6 (45%)**	2.0	111.3	6.8	30.7	4.2
Others	9.7	-0.5	22.0	-0.5	22.0	-0.5	8.8	-0.1	19.1	0	2.9	-0.5
Eliminations or Unallocatable Accounts	-5.1	0	-14.0	0	-14.0	0	-4.5	0	-10.7	-0.4	-3.3	0.4
Total	196.3 (44%)*	0.9	446.0	17.5	440.0	14.5	169.5 (42%)**	-5.6	405.8	11.5	40.2	6.0

*1Q of FY2010 / 1H of FY2010 Revised Plan, ** 1Q of FY2009 / 1H of FY2009,

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

SEKISUI CHEMICAL GROUP

-2-



Global Business : Brisk sales in competitive businesses, products

Domestic Business : Housing orders steady, domestic water infrastructure-related business advanced as planned

Market

- Gradual recovery in demand in Japan
- Strong recovery and growth in developing countries
- Steady recovery in the United States
- Recovery trend in Europe, but the threat of financial instability is cause for concern

Business Risks

- Core material prices have stabilized, but steel material prices are rising
- Yen currently strong against the dollar, outlook unclear
- Yen in clear rising trend against the euro

Progress Report for Main Businesses

	Business Field	Current Status
Global Businesses	Automobile Field	Global business expansion progressing slightly ahead of schedule, particularly in Asia and developing countries
	IT & Electronics Material Field	Progressing faster than expected, thanks to brisk demand for liquid crystal- and semiconductor-related products
	Medical Field	Proceeding according to schedule, with firm demand, particularly in the diagnostics sector
	Water Infrastructure Field (Overseas)	Steady growth in project stock in pipeline renewal business, with a resumption of postponed previous-year orders
Domestic Businesses	Water Infrastructure Field (Domestic)	Demand for office buildings and condominiums remains sluggish, detached housing shows gradual recovery
	Housing Field	1Q orders slightly better than expected, helped by government policies

SEKISUI CHEMICAL GROUP

-3-



Update on Key Initiatives

1. Successfully winning customers in growth markets

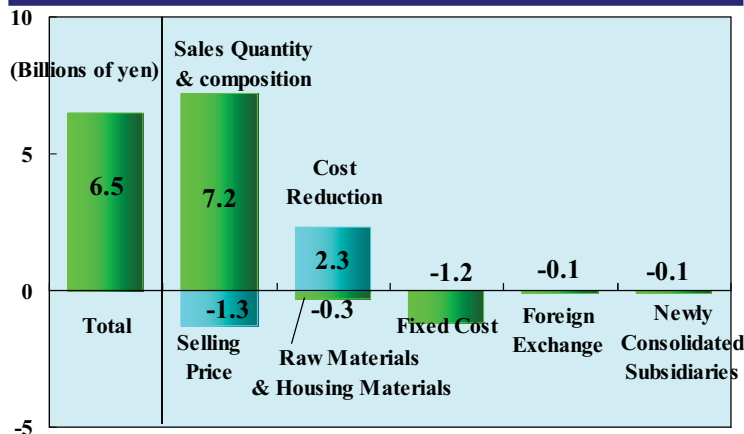
- Steady sales in the Frontier 7 Businesses: 1Q sales up 24% YoY for Frontier 7 Businesses
- Successful entry into Asia and other high growth markets: 1Q sales for Asia region up 59% YoY
- Successfully meeting environmental- and stock-related demand: 1Q unit orders up 14% YoY for houses with built-in solar power generation systems
- Progress in expanding production capacity to meet further demand growth: domestic high-performance film line operation started in June

2. Reducing fixed costs and production costs as planned

3. Developing new growth segments

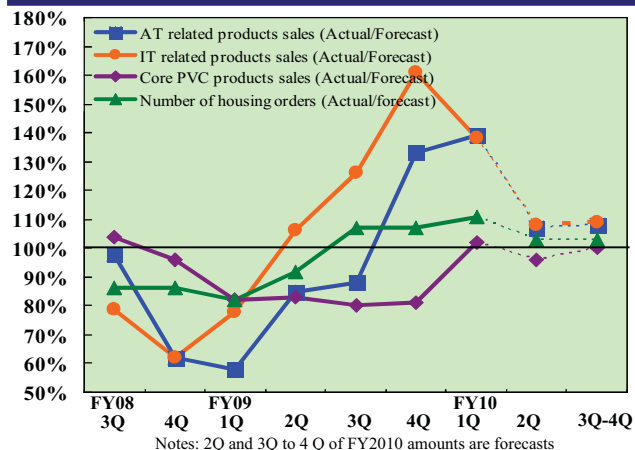
- Ongoing development of environmental, new energy-related products, and other products

Analysis of Operating Income for the 1Q of FY2010 (year-on-year)



Notes: Includes selling price of Housing Company within the sales quantity and composition

Sales and Orders in Main Businesses (year-on-year)



Notes: 2Q and 3Q to 4Q of FY2010 amounts are forecasts



Strengthening strategic and overseas businesses

Achieving steady business expansion amid growing demand, spurred by recovery in global economy

AT: Expanding sales of high-performance films that meet the needs of lighter vehicles

- Line construction completed in June 2010 for domestic high-performance film

Boosting production capacity to meet growing demand in developing countries

- Completed capacity expansion of interlayer film plant in China

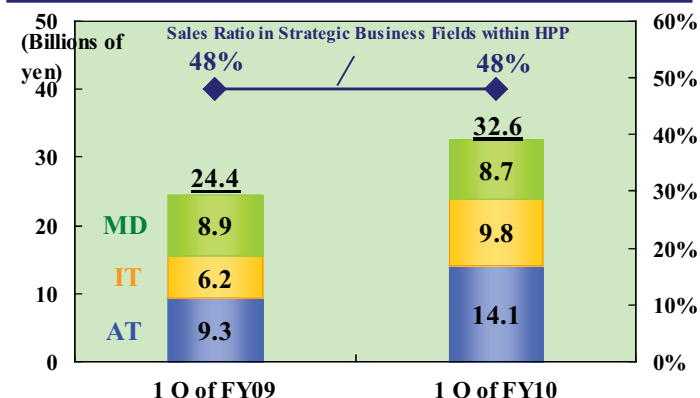
IT: Strong sales of liquid-crystal materials, led by highly competitive products

- Growing demand for optical materials (tapes, films)

MD: Steady sales in diagnostic agent business in Japan and overseas

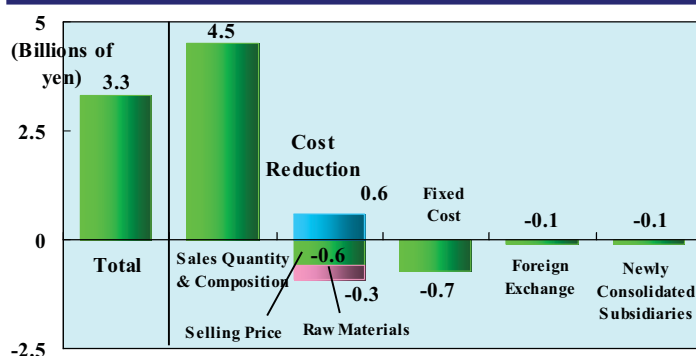
1Q overseas sales up 88% YoY

Sales in Strategic Business Fields



* PVA business is not included in the strategic businesses

Analysis of Operating Income for the 1Q of FY2010 (year-on-year)





Fortifying the earning power of the domestic businesses

Market Trends

Steady recovery in privately-owned housing starts, slow recovery in condominium starts

- 1. Maintaining sales volume of core PVC products**
Growing demand for detached housing, temporary demand surge ahead of price increases
- 2. Expansion of the social infrastructure stock field**
Extending product lineup: automated SPR methods
- 3. Recovering profitability in Industrial piping materials business**
Demand grows, led by recovery in capital investment

Expanding overseas operations

Pipeline Renewal (Overseas)

Steadily expanding project stock

Performance Materials

Recovery trend in Sheet business (sheets for aircraft interiors and automobile interiors & exteriors)

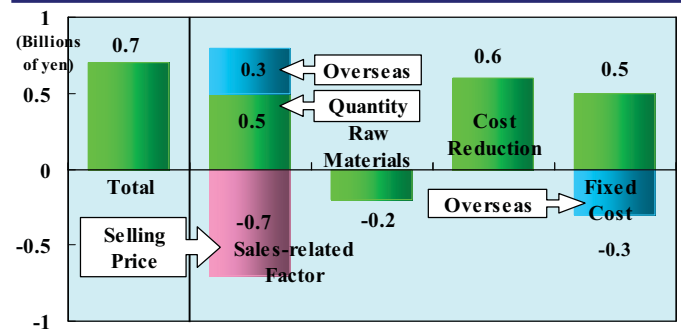
1Q overseas sales up 11% YoY

Sales and Operating Income by business portfolio

(Billions of yen)

		1Q of FY2010		Difference	
		Net Sales	Operating Income	Net Sales	Operating Income
Domestic Core Businesses	Pipe materials, Glass-reinforced plastic pipe, Construction materials, Sekisui Home Techno	26.9	-0.8	0.4	0.7
Domestic Growth Business	Fiber-reinforced foamed urethane (FFU), Pipeline renewal, Industrial piping materials, Aqua system	5.3	-1.4	-1.0	0
Overseas Business	Water Infrastructure, Pipeline renewal, Performance Materials	5.2	-1.0	0.5	-0.1

Analysis of Operating Income for the 1Q of FY2010 (year-on-year)



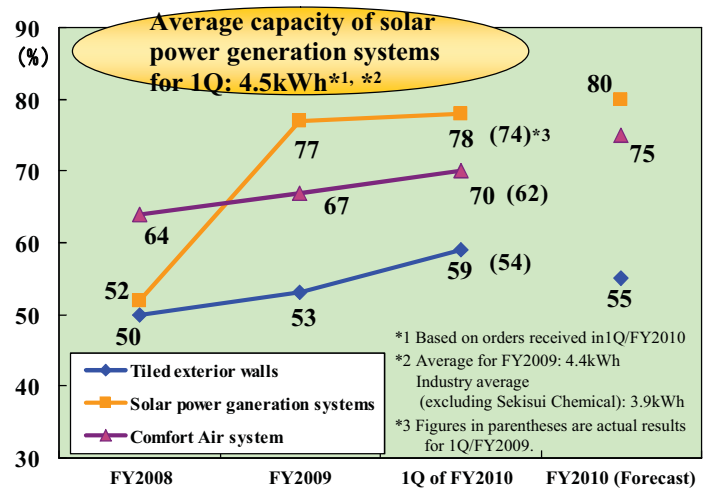
Market Environment in 1Q, and outlook for 2Q

- Recovery trend in the housing market spurs rise in customer inquiries
- Government policies influencing the market, beneficial effects being seen
- Renewed concern for economic outlook, triggered by low share prices. Therefore, outlook for 2Q forward not optimistic

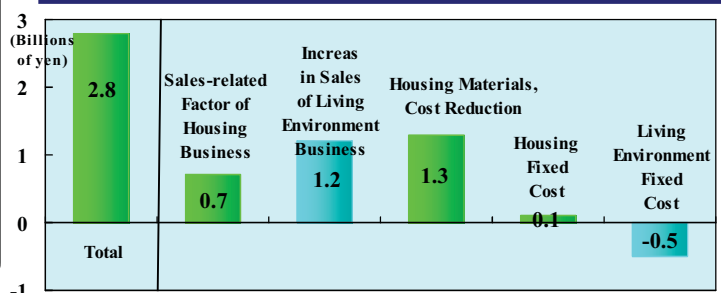
Progress in 1Q

- 1. 1Q housing unit orders slightly higher than expected**
1Q housing unit orders up 11% YoY, forecast to rise 5% in 2Q
Housing unit order forecast revised upward for 1H. Forecast to rise 8% YoY.
- 2. Measures taken to win new orders are producing results, continuing in 2Q and beyond**
Favorable reception for products with readily perceivable cost performance
- Units orders up 21% YoY for cost-performance products in 1Q
Comfort Solar Housing achieves product differentiation
- Comfort Solar Housing = large-capacity solar power generation systems + Comfort Air system
- 3. Reducing fixed costs and production costs as planned**
- 4. Strengthening the Living environment business, and expanding sales as planned**
Sales rise 141% YoY for solar power generation equipment in 1Q
60 sales people added to sales staff for refurbishing operations
Sales up 19% YoY for Living environment business in 1Q

Sales Percentages of Homes with High-performance Options



Analysis of Operating Income for the 1Q of FY2010 (year-on-year)



Financial Results

for the First Quarter of FY2010

Hideo Tagashira
Managing Executive Officer
Responsible for Corporate Finance & Accounting Department

Number of Consolidated Companies

	June 30, 2010	March 31, 2010	Increase	Decrease
Consolidated Subsidiaries	157	153	SSCG Industry*, etc.	-
Affiliates Equity Method	8	8	-	-

*Sekisui-SCG Industry Co., Ltd. is our housing production subsidiary in Thailand

Influence of Change in the Number of Consolidated Companies

(Billions of yen)

Net Sales	+7.7	SSC America +4.0 ** SSC Europe +2.7 ** Polymer-Tec +0.5 ***
Operating Income	-0.1	SSCG Industry -0.1 ***

Newly consolidated from the third quarter of FY2009, *Newly consolidated from the first quarter of FY2010


Summary of Profit and Loss

(Billions of yen)

	1Q of FY2010	1Q of FY2009	Difference
Net Sales	196.3	169.5	26.8
Gross Income of Sales	56.4	47.0	9.4
Gross Income Rate	28.7%	27.7%	1.0%
Selling, Gen. and Admin. Expenses	55.4	52.6	2.9
Operating Income	0.9	-5.6	6.5
Investment Income by Equity Method	-0.1	-0.2	0.1
Other Non-operating Income and expenses	-1.2	-1.7	0.5
Recurring Income	-0.3	-7.4	7.1
Extraordinary Loss	0.2	0.6	-0.3
Income before Income Taxes	-0.6	-8.0	7.4
Corporate Income Tax etc.	2.4	-1.1	3.4
Income for Minority Shareholders	0	0.1	-0.1
Net Income	-3.0	-7.1	4.1

*(19.1)

*Excluding the contribution from newly consolidated subsidiaries


Net Sales and Operating Income by Company

(Billions of yen)

	1Q of FY2010		1Q of FY2009		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Housing	86.0	-0.6	77.1	-3.5	8.9	2.8
UIEP	37.5	-3.2	37.5	-3.9	0	0.7
HPP	68.2	5.3	50.6	2.0	17.6	3.3
Others	9.7	-0.5	8.8	-0.1	0.9	-0.4
Eliminations or Unallocatable Accounts	-5.1	0	-4.5	0	-0.7	0
Total	196.3	0.9	169.5	-5.6	26.8	6.5


Consolidated Cash Flows

(Billions of yen)

	1Q of FY2010	1Q of FY2009
Operating Activities Cash Flows	1.2	-10.2
Investing Activities Cash Flows	-9.0	-24.9
Financing Activities Cash Flows	-9.6	34.4
Net Increase (decrease) in Cash and Cash Equivalents	-17.7	0.2
Cash and Cash Equivalents at the End of Term	37.7	40.8
Free Cash Flow =Operating Activities Cash Flows +Investing Activities Cash Flows -Dividends Paid	-10.5	-36.7


Balance Sheets (Assets)

(Billions of yen)

	June 30, 2010	March 31, 2010	Difference
Cash and Deposits	35.8	45.2	-9.4
Account Receivable on sales	133.7	146.5	-12.8
Inventories	115.4	107.2	8.2
Other Current Assets	29.8	44.6	-14.8
Tangible Fixed Assets	254.1	257.0	-2.9
Intangible Fixed Assets	32.9	33.8	-0.9
Investment Securities	102.5	116.6	-14.1
Investment & Other Assets	42.8	36.4	6.4
Total Assets	747.0	787.3	-40.3

At fair value: -14.3


Balance Sheets (Liabilities & Net Assets)

(Billions of yen)

	June 30, 2010	March 31, 2010	Difference
No Interest Bearing Liabilities	293.6	302.5	-8.8
Interest Bearing Liabilities	116.6	133.1	-16.5
Total Liabilities	410.2	435.6	-25.3
Capital Stock etc.	209.3	209.3	0
Retained Earning	148.7	154.4	-5.6
Treasury Stock	-10.9	-10.8	-0
Unrealized Holding Gain on Securities	-9.5	-1.0	-8.5
Minority Shareholders' Interests	9.5	9.2	0.3
Other Net Assets	-10.5	-9.2	-1.2
Total Net assets	336.7	351.7	-15.0
Total Liabilities, Net assets	747.0	787.3	-40.3

Bond Retirement: -10.0

 Net Income: -3.0
Dividends Paid: -2.6

Depreciation and Capital Expenditures

(Billions of yen)

	FY2010		FY2009		Difference	
	1Q	Annual (Plan)	1Q	Annual	1Q	Annual
Depreciation	8.3	35.3	8.1	34.5	0.1	0.7
Capital Expenditures	5.6	34.0	9.4	44.0	-3.8	-10.0



(Billions of yen)

	1H of FY2010 (Revised Plan)	1H of FY2009	Difference	1H of FY2010 (Initial Plan)
Net Sales	446.0	405.8	40.2	440.0
Operating Income	17.5	11.5	6.0	14.5
Recurring Income	16.5	9.9	6.6	13.5
Net Income	6.0	1.9	4.1	4.0



Disclaimer : This 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

		FY2010		FY2009		
		1Q	1H (Plan)	1Q	1H	2H
CONSOLIDATED	Net Sales (Billions of yen)	86.0	206.0	77.1	196.4	201.9
	Housing	59.4	149.0	54.8	145.6	146.8
	Houses	56.3	142.6	52.1	139.3	140.6
	Land	3.2	6.4	2.7	6.3	6.2
	Living environment	26.6	57.0	22.3	50.8	55.1
	Refurbishing	18.2	39.5	14.4	34.6	37.6
	Interior-Exterior	1.2	3.0	1.0	2.3	3.1
	Real estate	7.2	14.4	6.8	13.8	14.4
OTHERS	1. Number of houses sold (Housing units)	2,280	6,300	2,250	6,120	6,480
	Detached houses	1,950	4,900	1,850	4,700	4,780
	Heim	1,610	4,100	1,530	3,850	3,890
	Two-U	340	800	320	850	890
	Apartments	330	1,400	400	1,420	1,700
	2. Main data					
	Prices<Sales subsidiaries : Detached houses>/ Unit (Millions of yen)	29.3	-	29.9	29.6	29.8
	Prices<Sales subsidiaries : Detached houses>/ Tsubo (3.3 Square meter) (Thousands of yen)	757	-	750	753	762
	Floor space (Square meter)	127.8	-	131.5	129.7	129.0
	Exhibition places (Units)	392	392	396	393	-
	Sales staff (Number of person)	2,259	2,219	2,361	2,325	-
	Rebuilding ratio (%)	31%	31%	31%	31%	34%
Referral sales ratio (%)	37%	37%	34%	35%	36%	

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

2. Housing orders

(Millions of yen)

	FY2010		FY2009			FY2008	
	1Q	1H (Plan)	1Q	1H	2H	1H	2H
Backlogs at beginning	148,600	-	136,100	136,100	140,600	153,000	159,400
Growth Rate	+9%	-	-11%	-11%	-12%	+2%	+11%
New Orders	87,275	197,559	76,922	180,754	189,225	197,277	169,808
Growth Rate	+13%	+9%	-14%	-8%	+11%	+6%	-14%
Sales of houses	72,875	181,959	67,522	176,254	181,225	190,877	193,108
Growth Rate	+8%	+3%	-8%	-8%	-6%	-1%	+2%
Balance at the end	163,000	164,200	145,500	140,600	148,600	159,400	136,100
Growth Rate	+12%	+17%	-14%	-12%	+9%	+11%	-11%

3. Housing starts

(in number of unit)

	FY2010		FY2009		
	1Q	1H (Plan)	1Q	1H	2H
Housing starts*	194,500	380,000	197,271	384,175	391,102
Privately-owned houses* (included in above) =A	75,700	150,000	72,604	148,292	138,696
Sales by our company	2,280	6,300	2,250	6,120	6,480
Detached house sales by our company=B	1,950	4,900	1,850	4,700	4,780
Our share in Detached houses=B/A	2.6%	3.3%	2.6%	3.2%	3.4%

The housing starts and "Privately-owned houses" after 1Q of FY2010 are based on a forecast

4. The ratio of the houses equipped with the high- performance specifications

	FY2010		FY2009		
	1Q	1H (Plan)	1Q	1H	2H
Solar power generation systems installed	78%	78%	74%	77%	77%
Tiled exterior walls (Heim type JX)	59%	59%	54%	55%	51%
All-electric housing	92%	93%	92%	93%	92%
Comfortable Air System	70%	73%	62%	63%	73%