



**Presentation Meeting on the Financial Results  
for the Third Quarter of FY2011  
(Fiscal Year Ending March 31, 2012)**

**Hajime Kubo**

**Director**

**Managing Executive Officer**

**Head of Corporate Communication Department**

**Sekisui Chemical Co., Ltd.**

**30 January, 2012**



## Summary of Profit and Loss

(Billions of yen)

	First 9 months of FY2011 (Actual)	First 9 months of FY2010 (Actual)	Difference
Net Sales	716.1	678.5	37.6
Operating Income	36.8	33.3	3.5
Recurring Income	36.3	32.0	4.3
Net Income	17.3	14.8	2.5



**Net Sales and Operating Income by Company**

(Billions of yen)

	3 Q of FY2011 (Actual)				First 9 months of FY2011 (Actual)			
	Net Sales	Difference	Operating Income	Difference	Net Sales	Difference	Operating Income	Difference
Housing	118.1	9.8	9.0	1.9	337.5	21.0	23.4	4.5
UIEP*1	48.4	0.3	-0.7	-0.4	142.0	4.7	-1.3	1.5
HPP*2	73.6	1.9	4.1	-2.5	224.0	12.4	15.0	-3.0
Others	9.8	0.3	-0.4	-0.1	29.9	-1.3	-0.8	-0.1
Eliminations or Unallocatable Accounts	-5.2	0.1	0.1	0.1	-17.3	0.6	0.5	0.6
<b>Total</b>	<b>244.7</b>	<b>12.4</b>	<b>12.1</b>	<b>-0.9</b>	<b>716.1</b>	<b>37.6</b>	<b>36.8</b>	<b>3.5</b>

Note: Indicated differences are the year-on-year differences

\*1 Urban Infrastructure & Environmental Products Company, \*2 High Performance Plastics Company

## Net Sales and Operating Income by Company

(Billions of yen)

	1H of FY2011		2H of FY2011							
	Net Sales	Operating Income	Net Sales				Operating Income			
	(Actual)	(Actual)	Existing Plan*	Forecast	Difference	YoY	Existing Plan*	Forecast	Difference	YoY
Housing	219.4	14.4	225.6	228.6	3.0	18.1	14.6	16.6	2.0	4.1
UIEP	93.7	-0.6	112.3	107.3	-5.0	1.0	5.6	5.1	-0.5	1.1
HPP	150.4	10.9	163.6	148.6	-15.0	6.8	15.1	11.1	-4.0	-1.9
Others	20.1	-0.3	24.9	23.9	-1.0	2.4	-0.4	-0.2	0.2	-0.3
Eliminations or Unallocatable Accounts	-12.1	0.3	-12.9	-12.9	0	-2.0	-0.6	-0.3	0.3	0.3
<b>Total</b>	<b>471.4</b>	<b>24.7</b>	<b>513.6</b>	<b>495.6</b>	<b>-18.0</b>	<b>26.3</b>	<b>34.3</b>	<b>32.3</b>	<b>-2.0</b>	<b>3.2</b>

\* Existing plan announced at the 2Q FY2011 financial results presentation meeting

## Net Sales and Operating Income by Company

(Billions of yen)

	FY2011								FY2011 Original Plan*2	
	Net Sales				Operating Income				Net Sales	Operating Income
	Existing Plan*1	Forecast	Difference	YoY	Existing Plan*1	Forecast	Difference	YoY		
<b>Housing</b>	445.0	448.0	3.0	29.3	29.0	31.0	2.0	6.6	444.0	27.0
<b>UIEP</b>	206.0	201.0	-5.0	5.4	5.0	4.5	-0.5	3.0	206.0	5.0
<b>HPP</b>	314.0	299.0	-15.0	17.4	26.0	22.0	-4.0	-2.4	310.0	26.0
<b>Others</b>	45.0	44.0	-1.0	0.9	-0.7	-0.5	0.2	-0.4	45.0	-0.7
<b>Eliminations or Unallocatable Accounts</b>	-25.0	-25.0	0	-1.5	-0.3	0	0.3	0.8	-25.0	-0.3
<b>Total</b>	<b>985.0</b>	<b>967.0</b>	<b>-18.0</b>	<b>51.5</b>	<b>59.0</b>	<b>57.0</b>	<b>-2.0</b>	<b>7.7</b>	<b>980.0</b>	<b>57.0</b>

\*1: Existing plan announced at the 2Q FY2011 financial results presentation meeting

\*2: Original plan announced at the FY2010 financial results presentation meeting

## 1. Leverage the domestic core businesses

- Sales increased by capturing rising demand and further reinforcing the business structure
- Successfully expanded margins by offsetting higher raw materials and component costs with product prices and cost reductions

## 2. Actual global business sales (excluding contributions from new consolidations) are expected to remain flat year on year

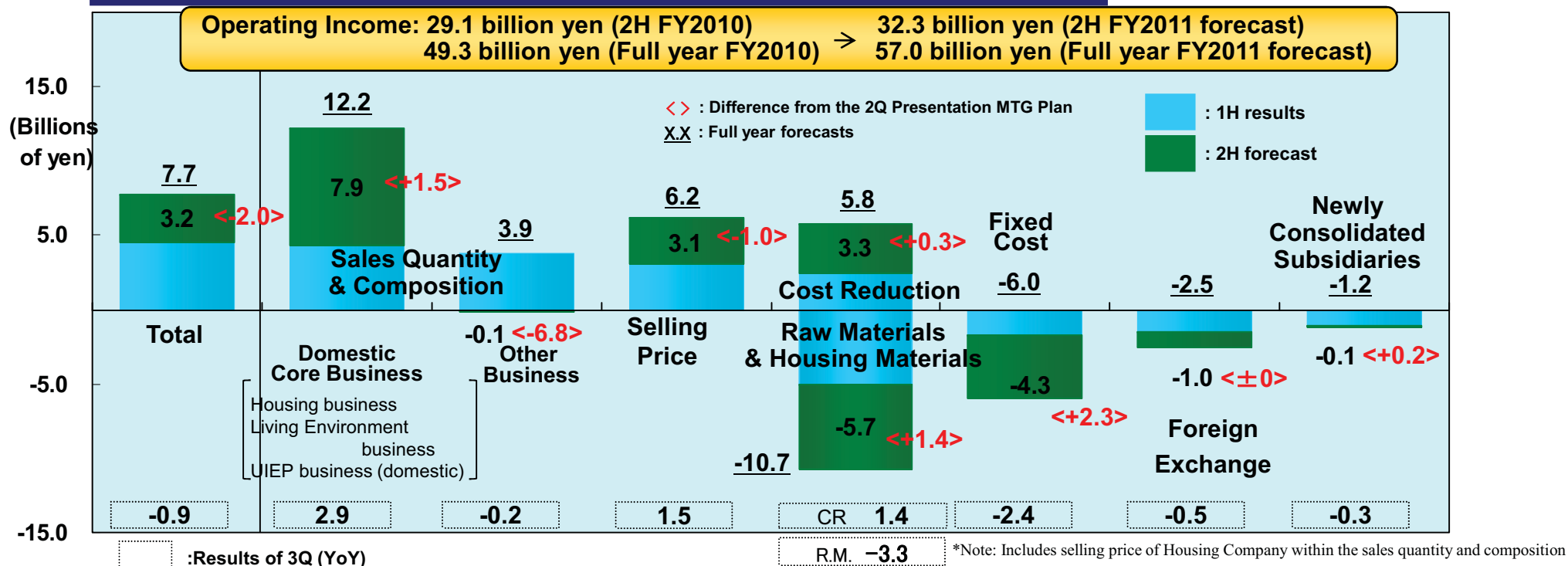
- Sales growth is expected to fall short of plan owing to a stronger-than-expected impact from the global economic slowdown
- Unable to absorb as much as planned of the previous year's cost increases (forward investment, raw materials price rises, foreign exchange impact, etc.)

## 3. Aggressively promote growth of strategic business fields and reinforce core business profitability

### Business Growth and Revenue Base Fortification

	Field	Measures
Expansion of Strategic Business Fields	IT	Determine the production capacity expansion for products for mobile terminals
	Pipeline Renewal	Reinforce the value chain system in Eastern Europe
Strengthen of Core Business	Housing	Conduct demonstration testing of next-generation solar housing with storage batteries

### Analysis of Operating Income for FY2011 (year-on-year)





## Market and Business Risk

### Market

- Gradually recovering domestic demand supported by government stimulation measures
- Slower growth in some developing countries in Asia and other regions but steady expansion overall
- In the United States, a gradual recovery trend on recovering employment and improving consumer sentiment
- In Europe, economic stagnation from deepening fiscal problems and priority on fiscal reconstruction in all countries

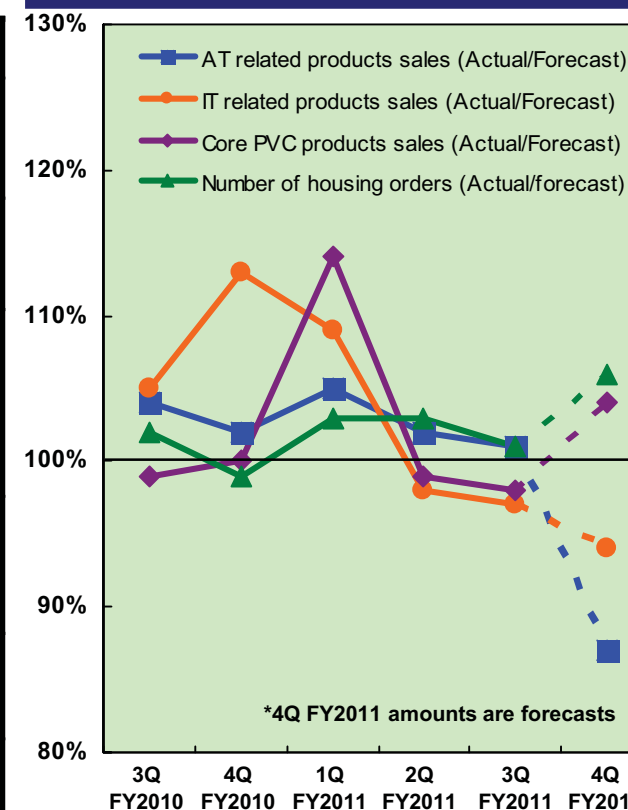
### Business Risk

- Europe's deepening and prolonging fiscal problems create risk of global economic deterioration
- Forecast for the yen to remain strong versus the US dollar
- Forecast for the yen to remain strong or gain strength versus the euro
- Settling prices for core raw materials leads to a slight shortfall of the initial 2H assumption

## Progress Report on Main Businesses

	Business Field	Progress in 2H Plan and Demand Estimates in 2H
Domestic Businesses	Water Infrastructure Field	-Sales quantity and selling prices remain close to plan -The start of full-fledged reconstruction-related demand is shifting to the next fiscal year
	Housing Field	-3Q orders fell short of the target due to close out stimulation measures, but 4Q orders are moving toward recovery supported by extended and reinstated stimulation measures. -Living Environment Business sales progressing close to the plan
Global Businesses	Automobile Field	<3Q> -Performance was impacted by the drop in domestic automobile production output caused by the Thai floods -Performance was impacted by deteriorating business conditions in Europe (Oct.-Dec.) <4Q> -Domestic demand is expected to improve in 4Q as automobile production recovers <small>*Global automobile production forecast in 2H FY2011: +9% (Original plan, y-o-y), +3% (Revised plan, YoY)</small>
	IT & Electronics Material Field	-Ongoing weak demand for LCD TVs, computers, and other electronics products -Sales are brisk for components for smartphones and tablet devices <small>*Global production volume (area based) of LCD panel forecast in 2H FY2011: +13% (Original plan, YoY), +5% (Revised plan, YoY)</small>
	Medical Field	-Influenza-related demand shift to 4Q -Stagnant demand in the pharmacokinetics, and pharmaceuticals & fine chemicals business
	Pipeline Renewal Field	-Impacted by the economic slowdown in U.S. and Europe, and postponed orders for public works

## Sales and Orders in Main Businesses (YoY)



## Progress for 2H Plan and Priority Measures in 4Q

**IT:** Sales quantity fell short of plan on ongoing weak demand for TV and computer components

- Rising sales of components for smartphone and tablet devices
- Expanding production capacity for conductive fine particles and ITO films

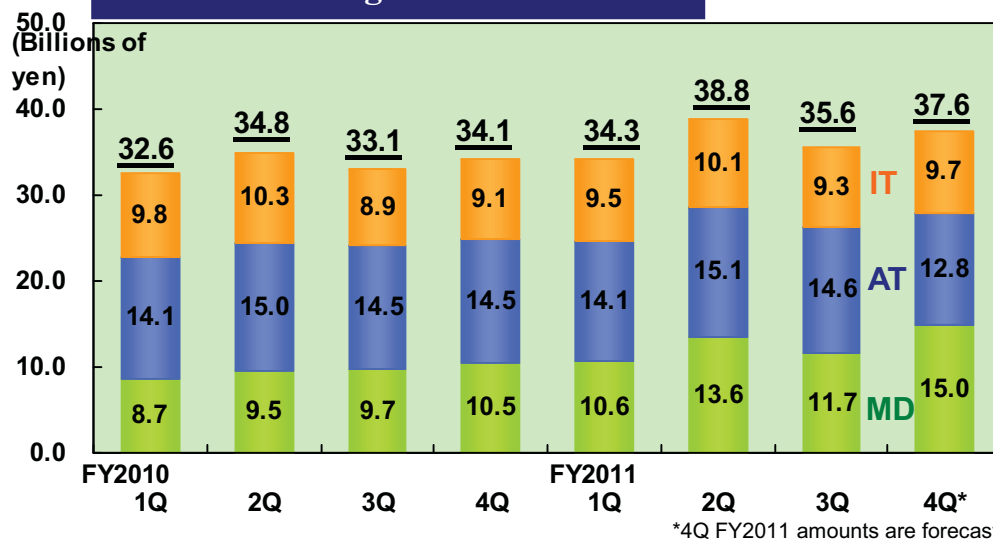
**AT:** Sales quantity falling short of plan due to the impacts from the Thai flooding and demand drop in Europe

- Steadily capturing the growth portion as domestic automobile production recovers
- Expand sales of high-performance interlayer films and broaden raw materials synergies for PVA material

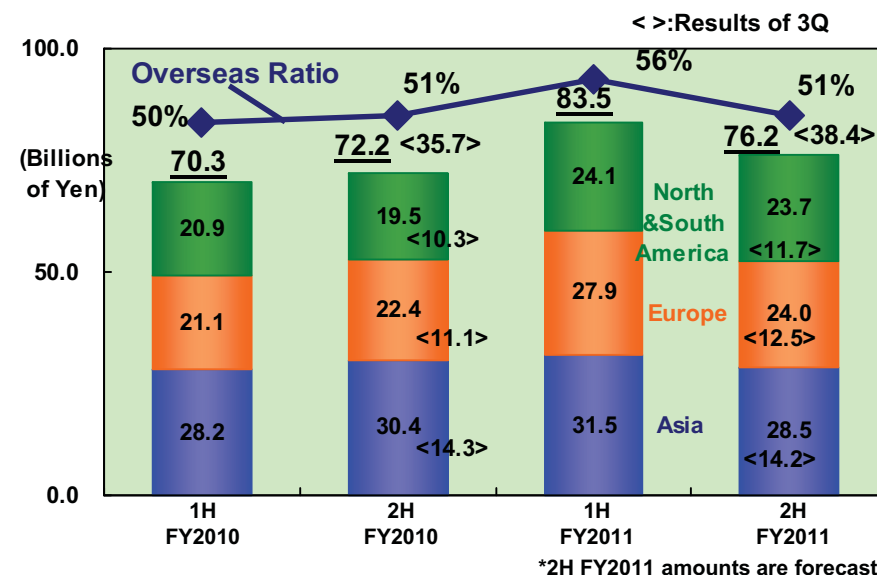
**MD:** Low influenza diagnostics demand contributed to sales volume falling short of target, and overseas business progressed as planned

- Expanding equipment business and early activation of the synergies with Sekisui Diagnostics

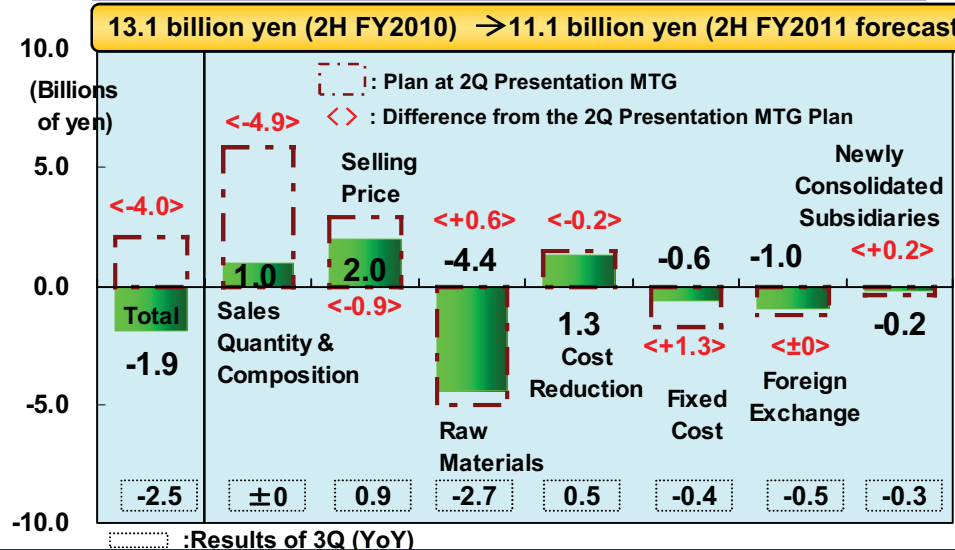
## Sales in Strategic Business Fields



## Overseas Sales



## Analysis of Operating Income for 2H FY2011 (YoY)





### Progress for Second-half Plan

#### Domestic Business

- Securing of core PVC product volumes and margin
- Struggling amid postponed orders for public works-related products and other negative factors

#### Overseas Business

- Struggling overall, affected by the European fiscal uncertainty and sluggish US business conditions
- Fortifying value chain system (ex. production, execution, and other value chain elements in Europe)

### Priority Measures in 4Q

#### Aggressively capture post-earthquake reconstruction demand

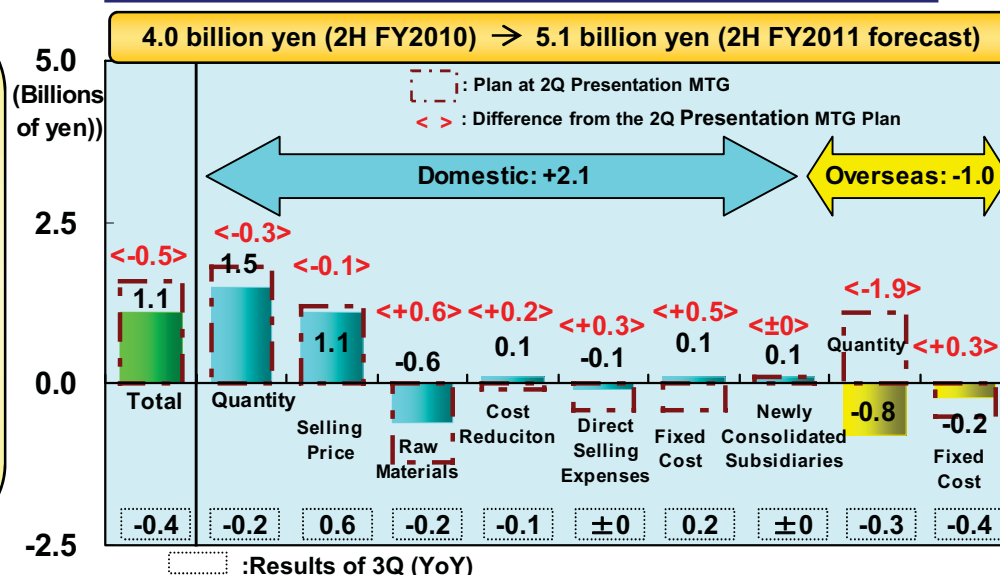
#### Acceleration of business model reform

- Advancing with structural reform to accelerate development of the value chain and total capabilities
  - Operational reorganization, production and distribution reform
- Formulate comprehensive projects and solicit orders
  - Advance with the formulation of comprehensive project for domestic and overseas businesses (Business alliance with Swing Corporation)

### Net Sales and Operating Income in each Business Portfolio

		FY2011		Difference (YoY)	
		3Q	2H	3Q	2H
Domestic Core Businesses	Net Sales	27.3	57.9	1.0	2.9
	Operating Income	1.7	4.1	0.6	1.6
Domestic Growth Business	Net Sales	10.1	29.7	-0.7	3.4
	Operating Income	-0.8	2.6	-0.4	0.5
Overseas Business	Net Sales	7.1	14.1	0.8	-2.0
	Operating Income	-1.1	-0.3	-0.7	-1.0

### Analysis of Operating Income for 2H FY2011 (YoY)



## Progress for Second-half Plan

**Housing** **3Q order results: housing units +1% (YoY)** \*3Q FY2011 order plan: +4% (YoY)  
 3Q: 3Q orders fell short of the target due to close out stimulation measures, nevertheless, order rose YoY.  
 4Q: The housing market is expected to improve gradually supported by the extension of housing acquisition assistance programs

**Living Environment** **3Q sales results: +5% (YoY)**  
 3Q: Sales are progressing roughly as planned  
 4Q: Demand expected to rise in 4Q on reinstatement of the housing eco-point and solar subsidy programs  
**Cost reductions proceeding as planned with support from the integrated production and sales structure; fixed costs (excluding growth investment) are also on target**

## Measures to acquire Housing Orders in 4Q FY2011

**Housing unit orders**  
**4Q: +6% YoY, 2H (Revised plan): +4% YoY**

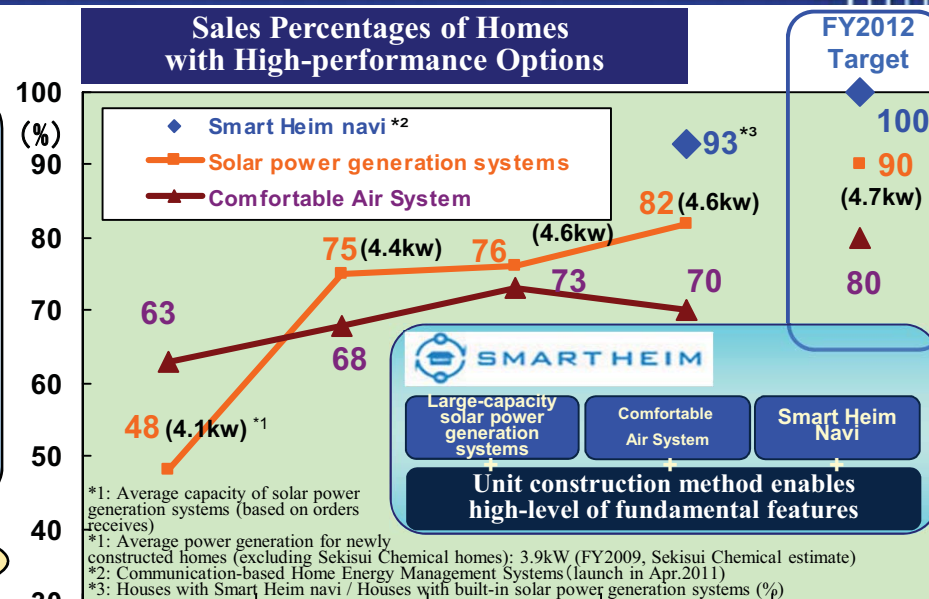
\*FY2011 existing order plan (Housing Units) 4Q: +6% (YoY), 2H: +5% (YoY)  
 FY2010 order results (Housing Units) 4Q: -1% (YoY), 2H: +1% (YoY)

## Market Forecast for 4Q

- Recovery trend supported by the extension and reinstatement of government programs
- Ongoing emergence of reconstruction-related demand in parts of Northeastern Japan
- Further growth in demand for new energy housing

- No significant improvement in consumer sentiment due to uncertain economic outlook
- Still no momentum gain for urban reconstruction demand
- Customers are expected to demand more attractive cost performance as supportive policies are scaled down

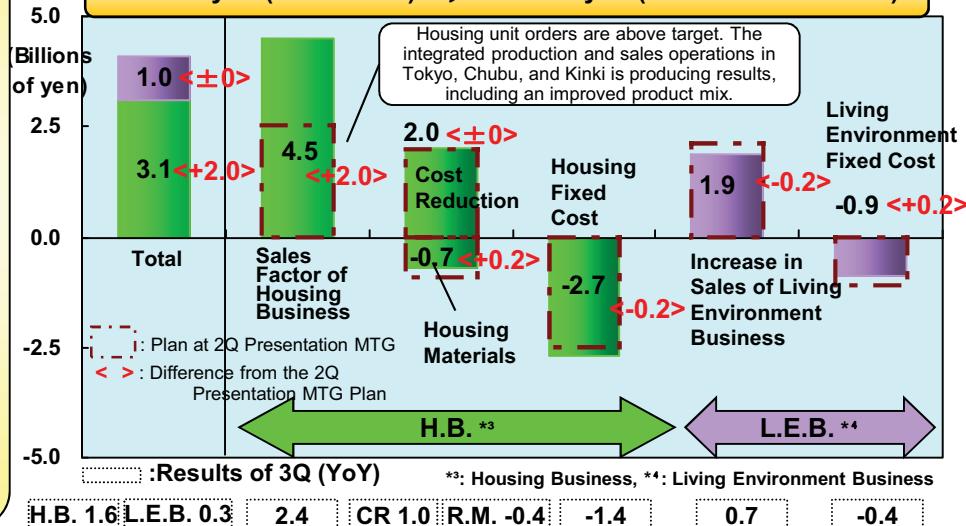
- **Market penetration and expanding sales of new cost-performance products**
  - “GRAND TO YOU Frache” (launch in Oct. 2011),
  - “bj basic” (launch in Jan. 2012)
- **Utilize the “Warm/Smart Heim” brand to fully highlight product differentiation**
  - The “Warm/Smart Heim Campaign” is currently under way (Oct. 2011-Feb. 2012)
  - Currently conducting demonstration testing of the “Smart Heim Navi + Solar Housing with Storage Batteries” (to be launched in next fiscal year)
- **Stimulate reconstruction by fortifying strategies in Tokyo, Chubu, Kinki, and other areas covered by the integrated production and sales operation**
  - Promote sales growth for “limited-area products” for customers rebuilding homes



3Q FY2008 3Q FY2009 3Q FY2010 3Q FY2011

## Analysis of Operating Income for 2H FY2011 (YoY)

12.5bn. yen (2H FY2010) → 16.6bn. yen (2H FY2011 forecast)



**Financial Results**  
**for the Third Quarter of FY2011**

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


**Number of Consolidated Companies**

	December 31, 2011	March 31, 2011	Difference
<b>Consolidated Subsidiaries</b>	<b>159</b>	<b>155</b>	Sekisui Diagnostics (Former Genzyme Corporation, Diagnostic reagents business), Sekisui Nano Coat Technology Co., Ltd (Former Suzutora Corporation, ITO film for touch panels business), etc.
<b>Affiliates Equity Method</b>	<b>8</b>	<b>8</b>	-

**Influence of Change in the Number of Consolidated Companies\*1**

(Billions of yen)

<b>Net Sales</b>	<b>+13.4</b>	Sekisui Diagnostics*2 (Former Genzyme Corporation, Diagnostic reagents business), Sekisui Nano Coat Technology Co., Ltd*2 (Former Suzutora Corporation, ITO film for touch panels business), etc.
<b>Operating Income</b>	<b>-1.5</b>	

\*1. Represents contribution to net sales and operating income during 1Q-3Q FY2011

\*2. Newly consolidated from the first quarter of FY2011

## Summary of Profit and Loss

(Billions of yen)

	First 9 months of FY2011	First 9 months of FY2010	Difference	
Net Sales	716.1	678.5	37.6	(24.2)* <sup>1</sup>
Gross Income of Sales	212.1	199.9	12.2	
Gross Income Rate	29.6%	29.5%	0.1%	
Selling, Gen. and Admin. Expenses	175.3	166.6	8.7	
Operating Income	36.8	33.3	3.5	(5.0)* <sup>1</sup>
Investment Income by Equity Method	0.9	0.7	0.3	
Other Non-operating Income and expenses	-1.4	-1.9	0.5	
Recurring Income	36.3	32.0	4.3	
Extraordinary Income	-	-	-	
Extraordinary Loss	3.0	2.9	0.1	
Income before Income Taxes	33.3	29.1	4.2	
Corporate Income Tax etc.	15.6* <sup>2</sup>	13.8	1.8	
Income for Minority Shareholders	0.5	0.6	-0.1	
Net Income	17.3	14.8	2.5	

\*1.Excluding the contribution from newly consolidated subsidiaries

\*2. The corporate tax rate reduction in fiscal year 2012 resulted in adjustment of approximately ¥1.9 billion in deferred income taxes

**Consolidated Cash Flows**

(Billions of yen)

	First 9 months of FY2011	First 9 months of FY2010
<b>Operating Activities Cash Flows</b>	42.9	45.6
<b>Investing Activities Cash Flows</b>	-48.8*	-26.4
<b>Financing Activities Cash Flows</b>	-14.8	-7.9
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	-21.6	9.6
<b>Cash and Cash Equivalents at the End of Term</b>	44.7	65.0
<b>Free Cash Flow</b> =Operating Activities Cash Flows +Investing Activities Cash Flows -Dividends Paid	-14.1	13.7

\*Including the acquisition costs related to Genzyme Corporation diagnostic reagents business and Suzutora Corporation

## Balance Sheet (Assets)

(Billions of yen)

	December 31, 2011	March 31, 2011	Difference
Cash and Deposits	64.9	75.0	-10.1
Account Receivable on sales	145.5	148.0	-2.5
Inventories	134.8	117.9	16.9
Other Current Assets	33.2	38.7	-5.5
Tangible Fixed Assets	232.8	236.3	-3.4
Intangible Fixed Assets	53.0	29.8	23.1
Investment Securities	97.1	105.3	-8.2
Investment & Other Assets	41.7	39.3	2.4
<b>Total Assets</b>	<b>802.9</b>	<b>790.2</b>	<b>12.7</b>

Newly Consolidated  
Subsidiaries: +4.9

Certificate of Deposit: -10.5

Newly Consolidated  
Subsidiaries: +7.6

Newly Consolidated  
Subsidiaries: +26.3

At Fair Value: -8.7

## Balance Sheets (Liabilities & Net Assets)

(Billions of yen)

	December 31, 2011	March 31, 2011	Difference
No Interest Bearing Liabilities	329.8	315.6	14.2
Interest Bearing Liabilities	123.2	124.5	-1.3
<b>Total Liabilities</b>	<b>453.0</b>	<b>440.1</b>	<b>12.8</b>
Capital Stock etc.	209.3	209.3	0
Retained Earnings	182.0	172.7	9.4
Treasury Stock	-12.9	-13.0	0.1
Unrealized Holding Loss on Securities	-14.6	-8.2	-6.4
Minority Interests	11.2	9.7	1.5
Other Net Assets	-25.1	-20.4	-4.7
<b>Total Net Assets</b>	<b>349.9</b>	<b>350.0</b>	<b>-0.1</b>
<b>Total Liabilities, Net Assets</b>	<b>802.9</b>	<b>790.2</b>	<b>12.7</b>

Bonds: +10.0

Net Income: +17.3

Dividends Paid: -7.8

Foreign Currency Translation Adjustment: -4.6

**Depreciation and Capital Expenditures**

(Billions of yen)

	FY2011		FY2010		Difference	
	First 9 months	Full Year (Plan)	First 9 months	Full Year	First 9 months	Full year
<b>Depreciation and Amortization</b>	<b>25.8</b>	<b>35.0</b>	<b>25.6</b>	<b>34.5</b>	<b>0.2</b>	<b>0.5</b>
<b>Capital Expenditures</b>	<b>22.6</b>	<b>36.0*</b>	<b>18.2</b>	<b>25.3</b>	<b>4.4</b>	<b>10.7</b>

\*Expansion of production capacity at Taka Plant (HPP) and the plant in Thailand (Housing), etc.



(Billions of yen)

	<b>FY2011 (Revised Plan)</b>	<b>FY2010</b>	<b>Difference</b>	<b>FY2011 (Existing Plan)*<sup>1</sup></b>
<b>Net Sales</b>	<b>967.0</b>	<b>915.5</b>	<b>51.5 (106%)*<sup>2</sup></b>	<b>985.0</b>
<b>Operating Income</b>	<b>57.0</b>	<b>49.3</b>	<b>7.7 (116%)*<sup>2</sup></b>	<b>59.0</b>
<b>Recurring Income</b>	<b>55.0</b>	<b>48.3</b>	<b>6.7</b>	<b>57.5</b>
<b>Income before Income Taxes</b>	<b>47.0</b>	<b>39.8</b>	<b>7.2</b>	<b>49.5</b>
<b>Net Income</b>	<b>28.0*<sup>3</sup></b>	<b>23.6</b>	<b>4.4 (119%)*<sup>2</sup></b>	<b>28.0</b>

\*1: Existing plan announced at the 2Q FY2011 financial results presentation meeting

\*2: (FY2011(Revised Plan)/FY2010) × 100 (%)

\*3: Includes an estimated ¥3.0 billion deferred income taxes reversal due to the reduced corporate tax rate effected in fiscal year 2012 and an estimated ¥1.0 billion deferred income taxes from the planned start of consolidated tax payment system in fiscal year 2012



**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

		FY2011				FY2010				FY2009	
		1 H	3Q		Annual (Plan)	1 H	3Q		Annual	Annual	
			2 H(Plan)				2 H				
<b>CONSOLIDATED</b>	Net Sales (Billions of yen)	219.4	118.1	228.6	448.0	208.1	108.3	210.6	418.7	398.2	
	Housing	156.6	84.9	164.7	321.3	149.5	76.9	151.5	301.0	292.4	
	Houses	147.5	80.0	155.8	303.2	142.7	73.4	144.9	287.6	279.9	
	Land	9.2	5.0	8.9	18.1	6.8	3.4	6.6	13.4	12.5	
	Living environment	62.8	33.2	63.9	126.7	58.6	31.5	59.1	117.7	105.8	
	Refurbishing	43.6	23.8	45.0	88.6	40.9	22.5	41.0	81.8	72.2	
	Interior-Exterior	2.8	1.3	2.9	5.7	3.0	1.2	2.7	5.8	5.4	
Real estate	16.3	8.0	16.1	32.4	14.7	7.7	15.4	30.1	28.2		
<b>OTHERS</b>	1.Number of houses sold (Housing units)	6,330	3,240	6,750	13,080	6,020	3,050	6,600	12,620	12,600	
	Detached houses	5,180	2,790	5,350	10,530	4,900	2,670	4,950	9,850	9,480	
	Heim	4,170	2,210	4,250	8,420	4,090	2,150	3,980	8,070	7,740	
	Two-U	1,010	580	1,100	2,110	810	520	970	1,780	1,740	
	Apartments	1,150	450	1,400	2,550	1,120	380	1,650	2,770	3,120	
	2. Main data										
	Prices<Sales subsidiaries : Detached houses>/ Unit (Millions of yen)	29.3	30.2	-	-	29.9	29.9	29.8	29.8	29.7	
	Prices<Sales subsidiaries : Detached houses>/ Tsubo (3.3 Square meter) (Thousands of yen)	759	776	-	-	763	769	772	766	758	
	Floor space (Square meter)	127.3	128.3	-	-	129.5	128.3	127.5	128.5	129.3	
	Exhibition places (Units)	390	405	-	405	384	387	-	380	382	
Sales staff (Number of person)	2,301	2,261	-	2,230	2,217	2,161	-	2,131	2,212		
Rebuilding ratio (%)	36	34	33	35	31	32	33	32	33		
Referral sales ratio (%)	39	40	40	40	37	37	38	38	36		

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

## 2. Housing orders

(Millions of yen)

	FY2011				FY2010				FY2009		
	1 H	3 Q	2 H (Plan)	Annual (Plan)	1 H	3 Q	2 H	Annual	1 H	2 H	Annual
Year-start Backlog	171,800	189,100	189,100	-	148,600	166,000	166,000	-	136,100	140,600	-
Growth Rate	+16%	+14%	+14%	-	+9%	+18%	+18%	-	-11%	-12%	-
New Orders	211,197	92,508	205,023	416,220	200,766	90,277	194,377	395,143	180,754	189,225	369,979
Growth Rate	+5%	+3%	+5%	+5%	+11%	+5%	+3%	+7%	-8%	+11%	+1%
Sales of houses	193,897	105,108	203,623	397,520	183,366	97,177	188,577	371,943	176,254	181,225	357,479
Growth Rate	+6%	+8%	+8%	+7%	+4%	+20%	+4%	+4%	-8%	-6%	-7%
Balance at the end	189,100	176,500	190,500	-	166,000	159,100	171,800	-	140,600	148,600	-
Growth Rate	+14%	+11%	+11%	-	+18%	+9%	+16%	-	-12%	+9%	-

## 3. Housing starts

(in number of unit)

	FY2011				FY2010				FY2009
	1 H	3 Q	2 H (Plan)	Annual (Plan)	1 H	3 Q	2 H	Annual	Annual
Housing starts*	432,760	213,908	417,240	850,000	407,885	218,745	411,125	819,010	775,277
Privately-owned houses* (included in above) =A	162,414	77,430	147,586	310,000	159,282	81,948	149,236	308,518	286,993
Sales by our company	6,330	3,240	6,750	13,080	6,020	3,050	6,600	12,620	12,600
Detached house sales by our company=B	5,180	2,790	5,350	10,530	4,900	2,670	4,950	9,850	9,480
Our share in Detached houses=B/A	3.2%	3.6%	3.6%	3.4%	3.1%	3.3%	3.3%	3.2%	3.3%

\*"The housing starts" and "Privately-owned houses" after 3Q of FY2011 are based on a forecast.

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

	FY2011				FY2010				FY2009
	1 H	3 Q	2 H (Plan)	Annual (Plan)	1 H	3 Q	2 H	Annual	Annual
Solar power generation systems installed	83%	82%	82%	83%	80%	76%	77%	79%	77%
Tiled exterior wall (Heim type JX)	61%	61%	62%	61%	59%	62%	62%	61%	53%
All-electric housing	90%	89%	90%	90%	92%	91%	92%	92%	92%
Comfortable Air System	69%	70%	74%	71%	68%	73%	77%	73%	67%