



SHINKA!-Advance 2016

SEKISUI CHEMICAL CO., LTD.

Presentation of Financial Results

for the Second Quarter of FY2016

Teiji Koge,
President

27 October, 2016

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Results for 1H FY2016

	1H FY2015	1H FY2016 Plan (July 2016)	1H FY2016 Results
Forex Rate (results/assumptions) *Avg. rate for each fiscal year	¥122/US\$ ¥135/€	¥108/US\$ ¥122/€	¥105/US\$ ¥118/€

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Overview of 1H FY2016 Results

- Profits exceeded plans at each major level; achieved a record high in 1H operating income.

(Billions of yen)	1H FY2015	1H FY2016	Difference	1H FY2016 Plan (July 2016)
Net Sales	538.9	517.9	-21.1	519.0
Operating Income	38.2	43.7	+5.4	40.0
Ordinary Income	39.5	40.0	+0.5	36.0
Net Income Attributable to Owners of Parent	32.8	26.1	-6.7	24.0
Dividend per Share (Yen)	14	16	+2	16

Non-operating income and loss	Foreign exchange loss	▶ 4.0 bil. yen (4.4 bil. yen down YoY)
Extraordinary income and loss	UIEP structural reform expenses	▶ 3.1 bil. yen (3.1 bil. yen down YoY)
	Gain on sales of securities	▶ 6.9 bil. yen (3.5 bil. yen down YoY)
	Loss on valuation of securities	▶ 4.5 bil. yen (4.5 bil. yen down YoY)

1H FY2016 Results Net Sales and Operating Income by Divisional Company

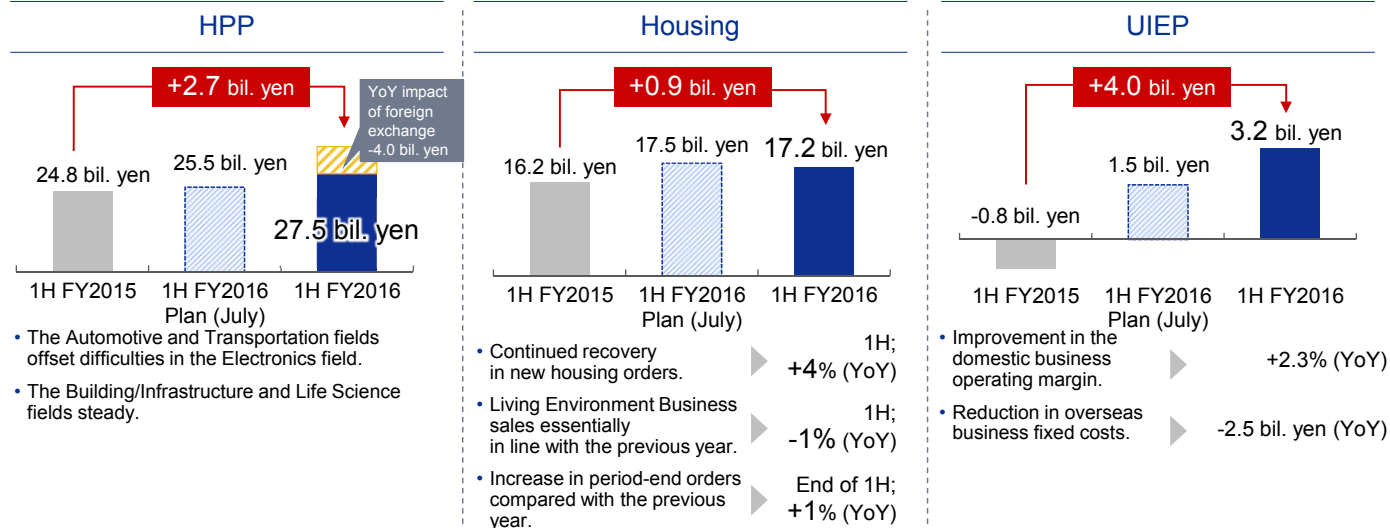
- Achieved an increase in profit at all three divisional companies.
- Results driven by the HPP and UIEP Companies amid difficult business conditions. Achieved operating income in excess of initial plan.

(Billions of yen)	1H FY2015		1H FY2016		Difference		1H FY2016 Plan (July 2016)		Difference from Plan	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP*	190.1	24.8	176.7	27.5	-13.4	+2.7	175.0	25.5	+1.7	+2.0
Housing*	233.9	16.2	237.7	17.2	+3.8	+0.9	241.0	17.5	-3.3	-0.3
UIEP*	107.5	-0.8	112.0	3.2	+4.5	+4.0	112.0	1.5	0	+1.7
Others	17.6	-1.6	1.3	-3.9	-16.3	-2.3	1.0	-4.0	+0.3	+0.1
Eliminations or Unallocatable Accounts	-10.1	-0.4	-9.9	-0.4	+0.2	0	-10.0	-0.5	+0.1	+0.2
Total	538.9	38.2	517.9	43.7	-21.1	+5.4	519.0	40.0	-1.1	+3.7

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

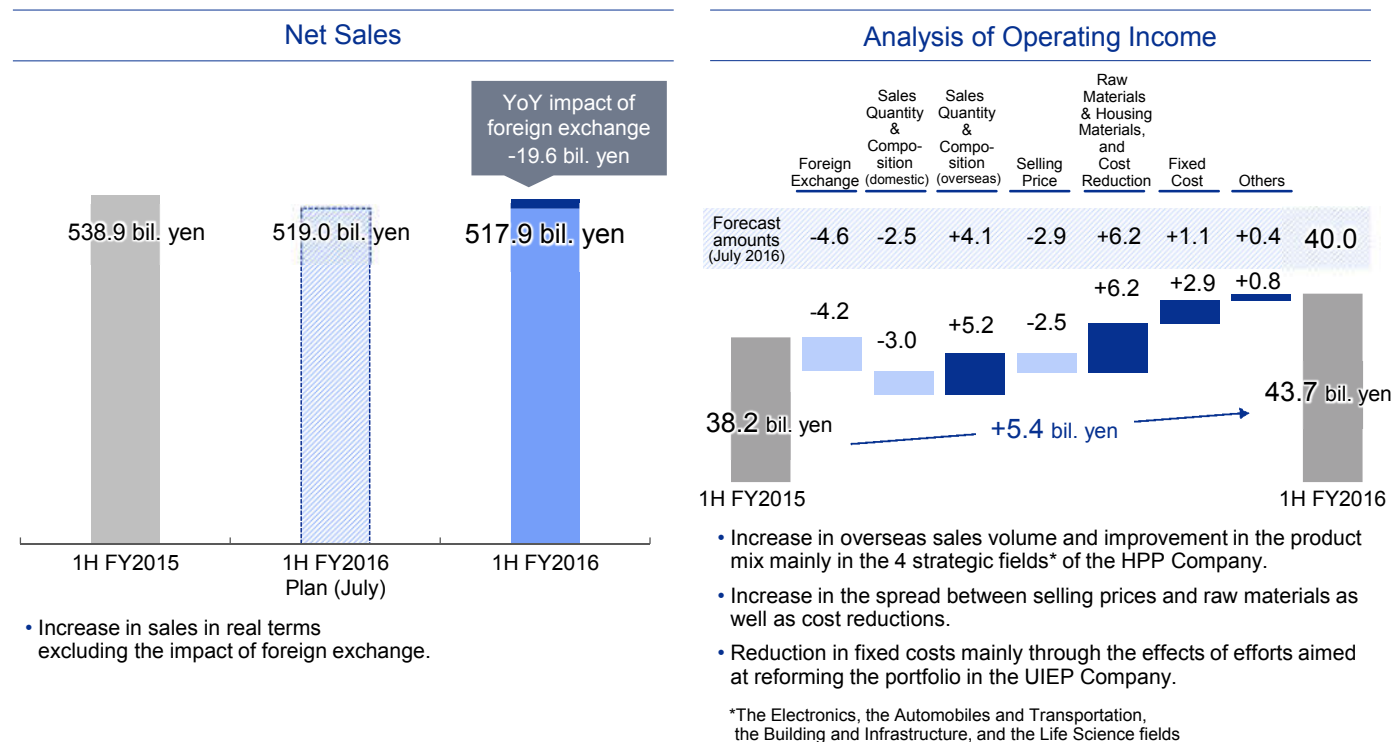
Overview of Operating Income for 1H FY2016 by Divisional Company

- HPP** : increase in sales volume and other factors including improvements in the product mix and spread between selling prices and raw material costs offset the negative impact of the strong yen (-4.0 billion yen). Substantial increase in profit.
- Housing** : increase in order backlog at the beginning of the period. Increase in profit due to an upswing in 1Q new housing orders. Offset the negative impact of the Kumamoto Earthquake.
- UIEP** : substantial increase in profit due mainly to successful efforts aimed at reforming the portfolio (Japan: improvement in profitability; overseas: structural reform).



Analysis of Operating Income for the 1H of FY2016

- Increase in sales volume and other factors including improvements in the product mix and successful efforts to reduce costs fully offset the negative impact of foreign currency exchange rate trends.



2H FY2016 Forecasts and Revised Annual Plan

	2H FY2015	2H FY2016 Initial Plan (Apr. 2016)	2H FY2016 Revised Plan (Oct. 2016)
Forex Rate (results/assumptions) *Avg. rate for each fiscal year	¥119/US\$ ¥130/€	¥110/US\$ ¥125/€	¥101/US\$ ¥113/€

FY 2016: Overview of Revised Plan

- Each major level to profit in line with initial plans.
- Plans for operating income and the bottom line to reach a record high for a fourth straight term.
- Plans for an increase in dividends for a seventh straight term.

(Billions of yen)	FY2015	FY2016	Difference	FY2016 Initial Plan (Apr. 2016)
Net Sales	1,096.3	1,066.0	-30.3	1,097.0
Operating Income	89.8	94.0	+4.2	94.0
Ordinary Income	81.2	88.0	+6.8	88.0
Net Income Attributable to Owners of Parent	56.7	59.0	+2.3	59.0
Dividend per Share (Yen)	30	32	+2	32

Overview of Net Sales and Operating Income for FY2016 by Divisional Company

- **HPP** : Despite the negative impact of the strong yen (-10.5 bil. yen*), substantial increase in sales volume and improvement in the product mix (+9.8 bil. yen*); drop in profit held to a small decline.
- **Housing** : Recovery in new housing orders; return to a profit growth trajectory.
- **UIEP** : Substantial increase in profit due mainly to successful efforts aimed at reforming the portfolio; achieve record-high annual profit as a company.

*YoY

(Billions of yen)	FY2015		FY2016 Revised Plan		Difference		FY2016 Initial Plan (April 2016)		Difference from Initial Plan	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	378.6	53.4	352.0	52.0	-26.6	-1.4	371.0	54.0	-19.0	-2.0
Housing	473.4	36.4	487.0	38.0	+13.6	+1.6	494.0	38.0	-7.0	0
UIEP	226.3	3.6	244.0	12.0	+17.7	+8.4	250.0	10.0	-6.0	+2.0
Others	38.3	-3.1	3.0	-7.0	-35.3	-3.9	2.0	-7.0	+1.0	0
Eliminations or Unallocatable Accounts	-20.3	-0.5	-20.0	-1.0	+0.3	-0.5	-20.0	-1.0	0	0
Total	1,096.3	89.8	1,066.0	94.0	-30.3	+4.2	1,097.0	94.0	-31.0	0

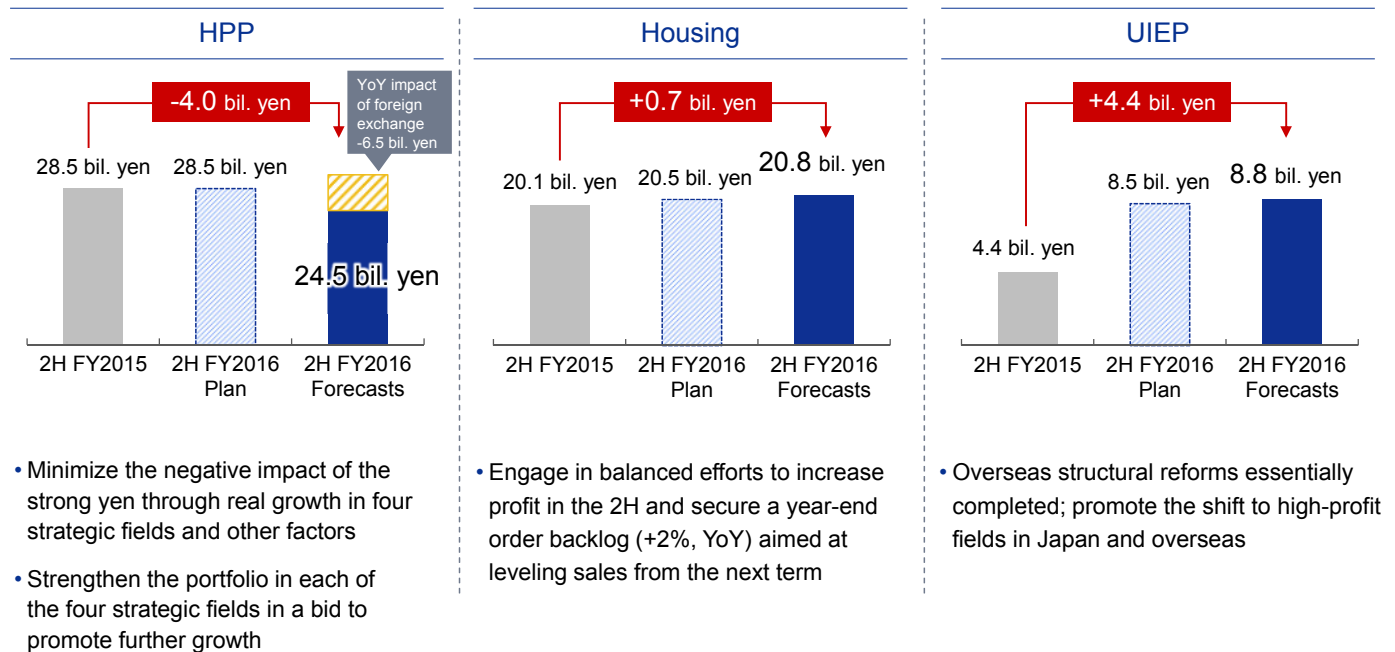
2H FY2016 Net Sales and Operating Income by Divisional Company

- The Housing and UIEP companies to cover the decrease in profit in the HPP Company in the negative impact of foreign currency exchange rate.

(Billions of yen)	2H FY2015		2H FY2016 Revised Plan		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	188.5	28.5	175.3	24.5	-13.2	-4.0
Housing	239.6	20.1	249.3	20.8	+9.7	+0.7
UIEP	118.8	4.4	132.0	8.8	+13.2	+4.4
Others	20.7	-1.5	1.7	-3.1	-19.0	-1.7
Eliminations or Unallocatable Accounts	-10.1	-0.1	-10.1	-0.6	0	-0.6
Total	557.4	51.6	548.1	50.3	-9.3	-1.2

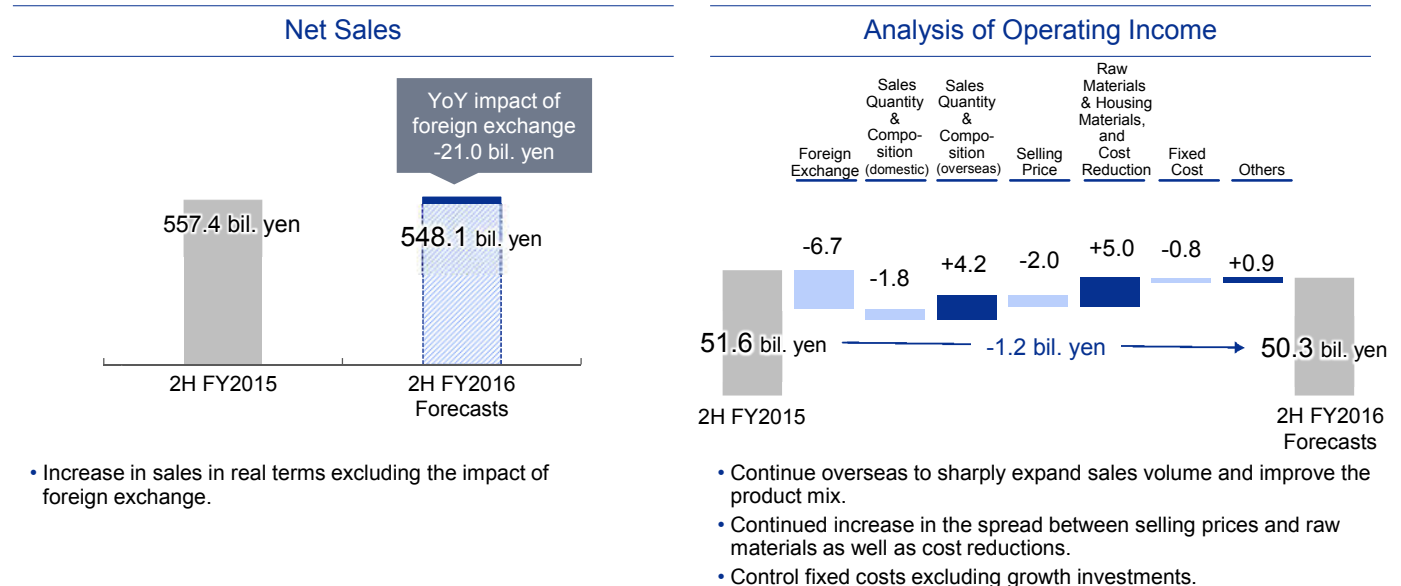
Key Strategies for 2H FY2016 by Divisional Company

- Achieve operating income plans for 2H. Push forward parallel measures aimed at laying the foundation for growth in FY2017 and beyond.



Analysis of Operating Income for the 2H of FY2016

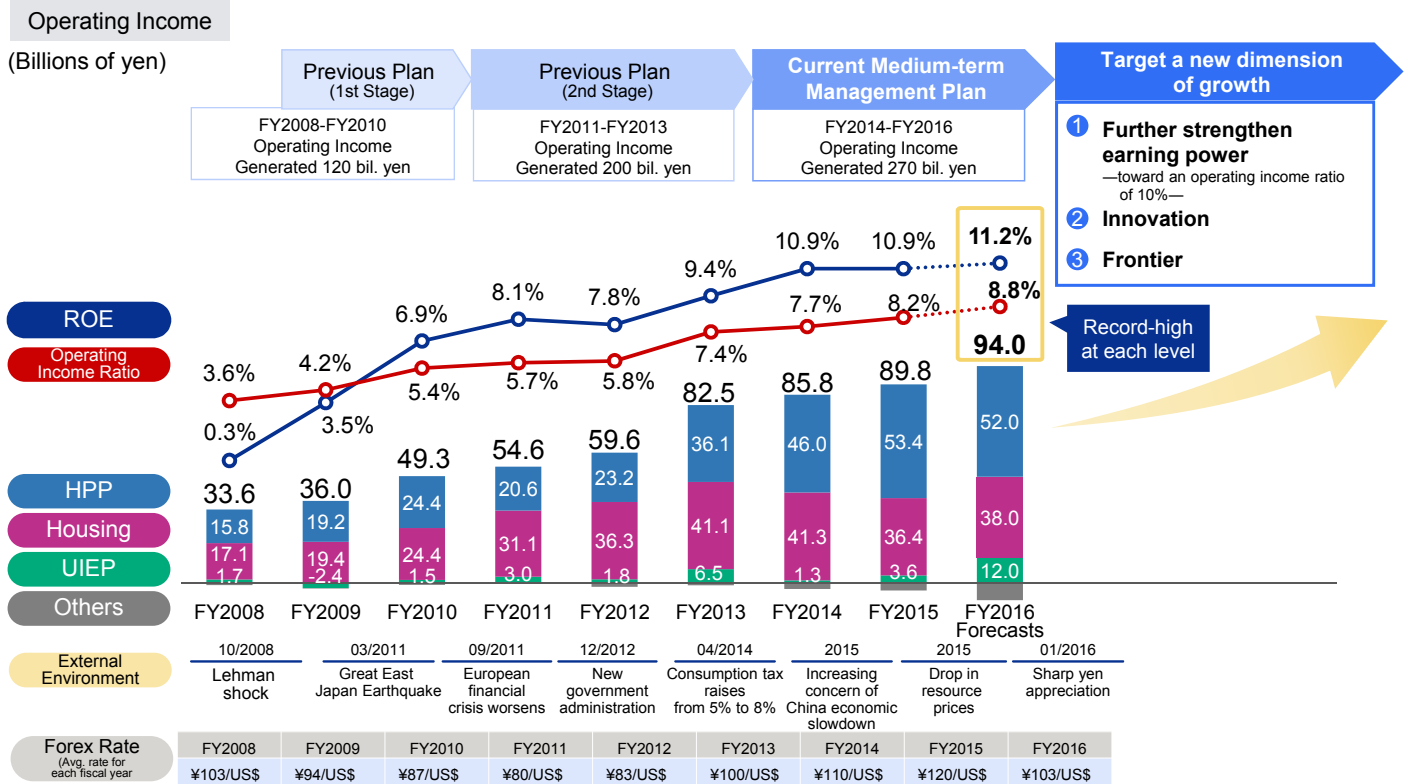
- Minimize the negative impact of foreign currency exchange rate trends (-6.8 bil. yen) through an increase in sales volume as well as improvements in the product mix and spread between selling prices and raw material costs in Japan and overseas.



External Environment and Impact on Results	2H Forecasts/Assumptions	Impact on Results
Foreign Exchange	¥101/US\$, ¥113/€	Each ¥1/US\$ increase decreases operating income by around ¥600 million per year.
Resource Prices	Domestic naphtha price: ¥35,000/kiloliter	Decrease of ¥1,000/kiloliter increases operating income by around ¥200 million per year.

Medium-term Vision: Improve the Ability to Generate Profit

Amid a volatile external environment, profit is projected to increase for a eight straight term. Increase in the ability to generate profit.



Medium-term Vision: Major Initiatives

Place equal emphasis on growth strategies (frontier, co-creation, innovation) and measures aimed at strengthening earning power. Build a business structure that is less susceptible to changes in the external environment and capable of securing sustainable growth.

- Strengthen earning power : Improve cost competitiveness, enhance differentiation with high-value-added products, effectively select and concentrate businesses.
- Co-creation and Innovation : Invest in development, realize early profit contribution, and create alliances.
- Frontier : Globalization, strategic investment (M&A, etc.) developing markets, and new product applications.

Initiatives in Progress and Maturation Period	Initiatives in Progress	Maturation Period		
		FY2016	FY2017	FY2018 and after
Strengthen earning power	Improve efficiency at housing production plants. Lift detached house share.	●	→	→
	Reform the UIEP Company portfolio.	●	→	→
	Consolidated domestic sales companies in the HPP Company (April). Established a film business JV (July).	●	→	→
Co-creation and Innovation	Commercialize film-type lithium-ion batteries.		●	→
	Advance "self-luminous" interlayer films.			●
	Broaden the scope of the electronics field (launch new products for organic EL, substrates, and semiconductors).	●	→	→
Frontier	Increase production of automotive high-performance interlayer films (Mexico).		●	→
	Start operations at a new CPVC plant in Thailand.	●	→	→
	Broaden the scope of the medical business (acquire Eidia, establish a new company in China, and build a new medical facility at Tokuyama Sekisui Industry).	●	→	→
	Aircraft sheet business in the US.	●	→	→

*Text shaded in light yellow signs that an effect is beginning to emerge; Shaded in dark yellow: signs that initiatives have taken effect in earnest.



Financial Results for 2Q FY2016

Moritoshi Naganuma

Executive Officer

Head of Corporate Finance &
Accounting Department

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Consolidated Companies

Number of Consolidated Companies

	Mar. 31, 2016	Sep. 30, 2016	Difference
Consolidated Subsidiaries	155	148	Increased: 0 Subsidiaries Decreased: 7 Subsidiaries
Affiliates (Equity Method)	8	8	Increased: 1 Subsidiary Decreased: 1 Subsidiary

Influence of Change in the Number of Consolidated Companies

	Sep. 30, 2016	Difference
Net Sales	-6.9 bil. yen	<ul style="list-style-type: none"> EIDIA*1, Sekisui SPR Europe*2 and etc. Sekisui Film*3 and etc.
Operating Income	+0.7 bil. yen	

*1: Newly consolidated from 4Q FY2015

*2: Removed from consolidation from 4Q FY2015

*3: Removed from consolidation from 2Q FY2016

Summary of Profit and Loss

(Billions of yen)	1H FY2015	1H FY2016	Difference	
Net Sales	538.9	517.9	-21.1	
Gross Profit	166.4	171.2	+4.8	
Gross Profit Rate	30.9%	33.1%	+2.2%	
Selling, Gen. and Admin. Expenses	128.2	127.6	-0.6	
Operating Income	38.2	43.7	+5.4	
Equity in Earnings of Affiliates	1.0	1.5	+0.5	
Other Non-operating Income and Expenses	0.3	-5.1	-5.4	Foreign exchange gain and loss ▶ -4.4 bil. yen
Ordinary Income	39.5	40.0	+0.5	
Extraordinary Income	10.3	6.9	-3.5	Gain on sales of securities
Extraordinary Loss	1.7	8.3	+6.6	Loss on valuation of securities ▶ 4.5 bil. yen
Income before Income Taxes	48.1	38.6	-9.5	
Corporate Income Tax, etc.	14.9	11.6	-3.4	
Net Income Attributable to Non-controlling Interests	0.4	0.9	+0.6	
Net Income Attributable to Owners of Parent	32.8	26.1	-6.7	
Foreign Exchange (Avg. rate)	1US\$	122 yen	105 yen	-17 yen
	1€	135 yen	118 yen	-17 yen

Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2016	Sep. 30, 2016	Difference	
Cash and Deposits	68.0	91.0	+23.0	
Account Receivable on Sales	176.0	157.5	-18.5	
Inventories	150.8	152.2	+1.4	
Other Current Assets	39.7	40.7	+0.9	
Tangible Non-Current Assets	270.0	261.2	-8.8	
Intangible Non-Current Assets	43.7	40.7	-3.0	
Investments in Securities	168.3	143.9	-24.4	Sales, At fair value, and etc.
Investments & Other Assets	19.6	23.5	+3.9	
Total Assets	936.0	910.7	-25.4	Foreign exchange ▶ -28.0 bil. yen

Balance Sheets (Liabilities & Net Assets)

(Billions of yen)	Mar. 31, 2016	Sep. 30, 2016	Difference	
Non-Interest-Bearing Liabilities	339.5	337.2	-2.3	
Interest-Bearing Liabilities	52.3	46.7	-5.7	
Total Liabilities	391.9	383.9	-8.0	
Capital Stock etc.	209.2	209.2	0	
Retained Earning	295.7	313.9	+18.3	Net income ▶ 26.1 bil. yen
Treasury Stock	-26.0	-35.5	-9.6	Dividends paid ▶ -7.8 bil. yen
Unrealized Holding Gain on Securities	40.1	31.2	-8.9	
Non-controlling Interests	20.6	20.1	-0.5	Purchases of treasury stock ▶ -9.9 bil. yen
Other Net Assets	4.6	-12.1	-16.7	
Total Net Assets	544.2	526.7	-17.4	Foreign currency translation adjustment ▶ -17.2 bil. yen
Total Liabilities, Net Assets	936.0	910.7	-25.4	

Consolidated Cash Flows

(Billions of yen)	1H FY2015	1H FY2016
Operating Activities Cash Flows	45.3	59.8
Investing Activities Cash Flows	-15.2 ^{*1}	-9.6 ^{*2}
Financing Activities Cash Flows	-28.5	-24.6
Net Increase in Cash and Cash Equivalents	0.6	19.0
Cash and Cash Equivalents at the End of Term	64.6	86.1
Free Cash Flow =Operating Activities Cash Flows+Investing Activities Cash Flows -Dividends Paid	22.6	41.9

^{*1} Including payments into time deposits (net) of -¥3.6 billion and proceeds from sales of investments in securities of ¥20.7 billion, and purchases of investments in securities of -¥8.1 billion.

^{*2} Including payments into time deposits (net) of -¥4.1 billion and proceeds from sales of investments in securities of ¥17.8 billion, and purchases of investments in securities of -¥1.9 billion.

Depreciation and Capital Expenditures

(Billions of yen)	Depreciation			Capital Expenditures		
	1H FY2015	1H FY2016	Difference	1H FY2015	1H FY2016	Difference
Housing	3.8	4.3	+0.5	5.9	8.0	+2.1
UIEP	3.2	3.2	0	4.3	3.5	-0.9
HPP	8.9	8.6	-0.3	11.3	8.1	-3.2
Others	0.6	0.4	-0.3	0.9	0.7	-0.2
Eliminations or Unallocatable Accounts	0.4	0.5	0	0.3	0.4	+0.1
Total	17.0	16.9	-0.1	22.7	20.7	-2.0

Depreciation, Capital Expenditures, and Research and Development Expenditure

(Billions of yen)	FY2015	FY2016 Plan	Difference
Depreciation	34.7	35.0	+0.3
Capital Expenditures	49.7	43.0	-6.7
Research and Development Expenditure	31.7	35.5	+3.8

FY2016 Revised Plan

(Billions of yen)	FY2015	FY2016 Revised Plan	Difference	FY2016 Initial Plan (April)
Net Sales	1,096.3	1,066.0	-30.3	1,097.0
Operating Income	89.8	94.0	+4.2	94.0
Ordinary Income	81.2	88.0 *	+6.8	88.0
Net Income Attributable to Owners of Parent	56.7	59.0	+2.3	59.0
Dividend per Share (Yen)	30	32	+2	32

*Forex rate assumptions for 2H FY2016 forecasts are ¥101/US\$ and ¥113/€ (ordinary income base)

Overview of 1H FY2016

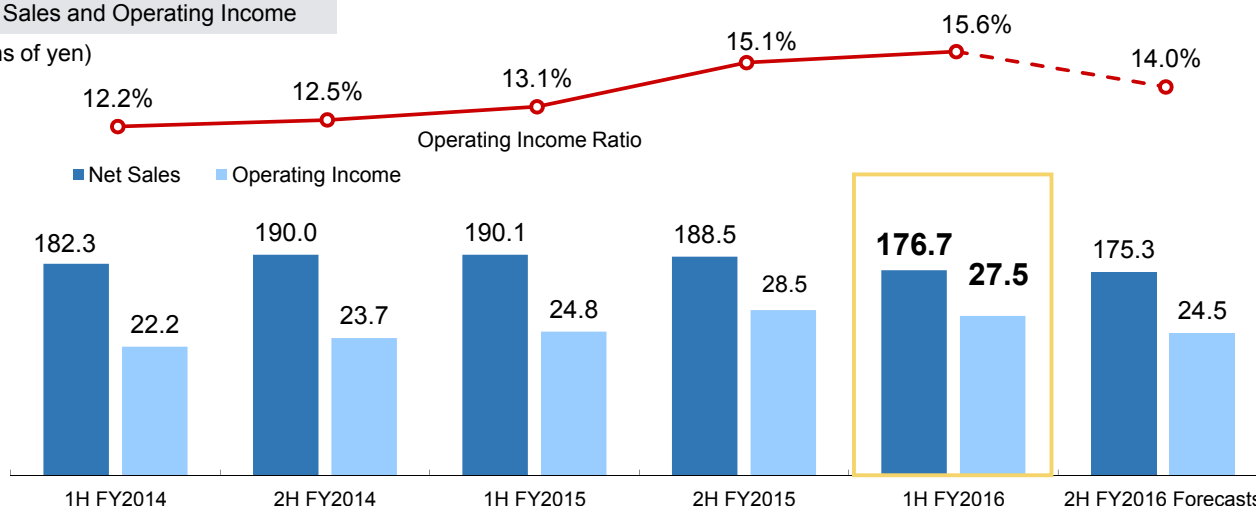
- Threw off the negative impact of continued appreciation in the value of the yen to record a substantial increase in profit mainly through real growth in strategic fields.

Reported record-high operating income in the 1H despite the negative impact (-4.0 billion yen) of foreign currency exchange rate trends. Steady growth in strategic fields.

- Efforts to expand sales in high-value-added products in the Automotive and Transportation fields progressed in excess of plans despite difficulties in the Electronics field.
- Steady trends in the Building and Infrastructure as well as Life Science fields.

Net Sales and Operating Income

(Billions of yen)



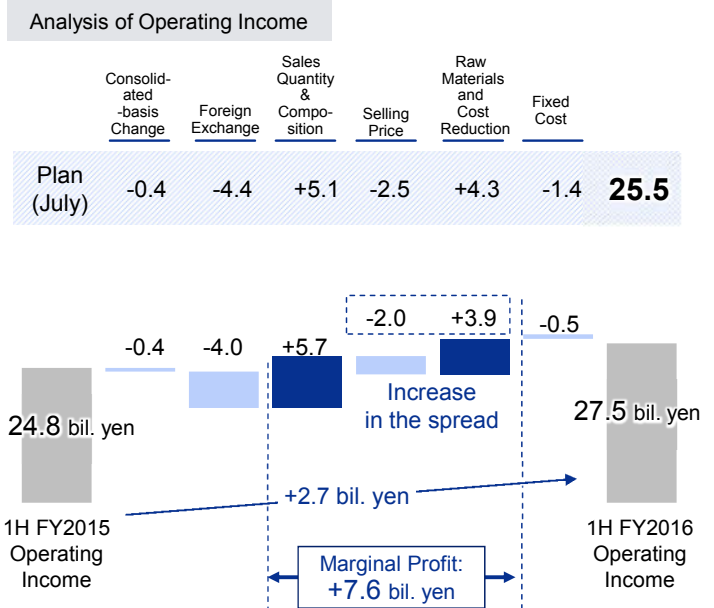
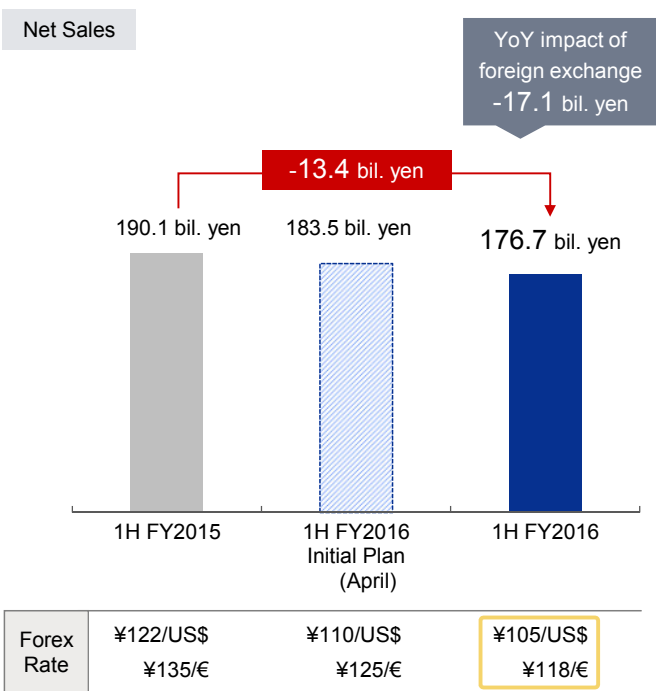
Forex Rate

1H FY2014	2H FY2014	1H FY2015	2H FY2015	1H FY2016	2H FY2016 Forecasts
¥103/US\$	¥117/US\$	¥122/US\$	¥119/US\$	¥105/US\$	¥101/US\$
¥139/€	¥139/€	¥135/€	¥130/€	¥118/€	¥113/€

1H FY2016: Net Sales and Analysis of Operating Income

- Increase in marginal profit in excess of initial plans and record-high operating income the 1H due to an increase in sales volume and improvement in the product mix.

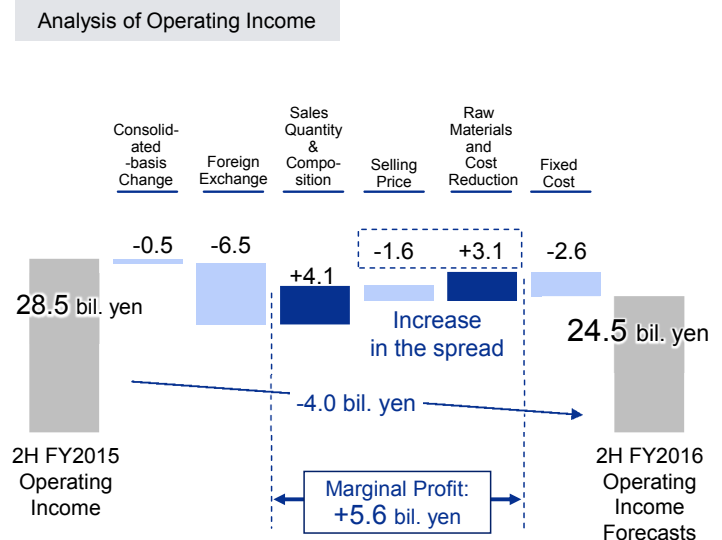
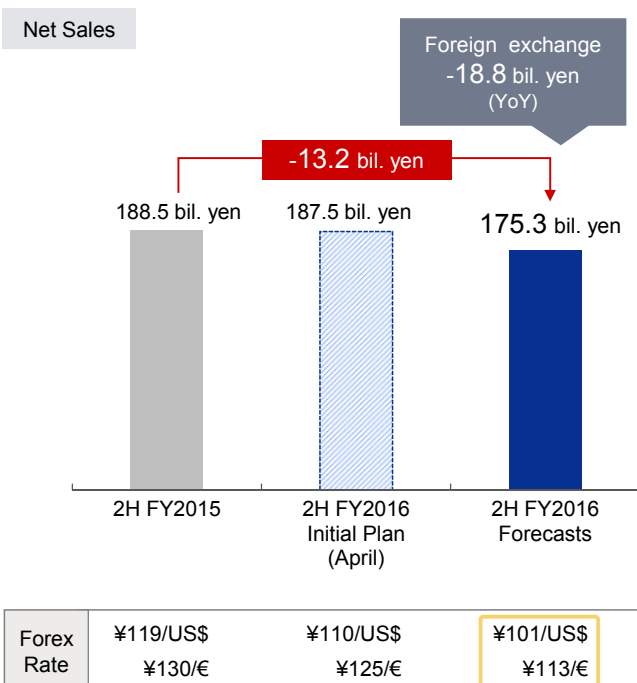
1H FY2016 Results



2H FY2016: Key Measures and Analysis of Operating Income

- Continue to real growth in strategic fields and efforts aimed at strengthening earning power against the impact of foreign currency exchange rate.

2H FY2016 Forecasts



2H FY2016: Four Strategic Fields

- Automotive and Transportation fields robust; sluggish demand in the Electronics field.

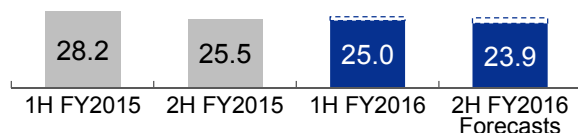
Trends in Net Sales in the Four Strategic Fields and Key Measures in the 2H

*The area inside the dotted lines depicts foreign exchange rate effects versus the previous fiscal year level.

Electronics

- Continued slowdown in the smartphone markets.
- Push forward measures in each of semiconductor, organic EL, and car electronic fields.

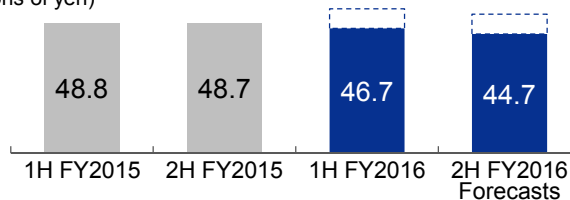
(Billions of yen)



Automobiles and Transportation

- Growing need for high-performance products in interlayer film for automobiles.
- Address demand by improving the product mix.

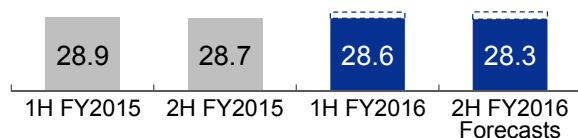
(Billions of yen)



Building and Infrastructure

- In the middle of a recovery in CPVC demand in the Middle East.
- Focus on cultivating new CPVC markets in Asia.

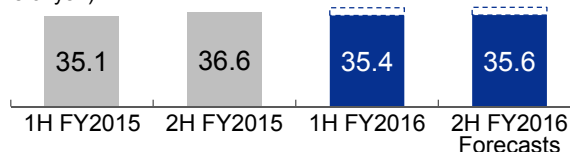
(Billions of yen)



Life Science

- Steady growth in diagnostic reagent demand in Japan and overseas.
- Build an integrated structure with Eidia; work toward realizing synergies at an early stage.

(Billions of yen)



2H FY2016: Key Measures in the Four Strategic Fields

- Strengthen the portfolio in each of the four strategic fields in a bid to promote further growth.

Electronics

- Work to upgrade and expand the portfolio and alleviate any excessive emphasis on the liquid-crystal field; upgrade and expand in the semiconductor, organic EL, and car electronics fields.

Automobiles and Transportation

- Automotive : Further cultivate markets and strengthen global collaboration
Promote enhanced functionality in the automotive interlayer films
- Transportation : Cultivate growth frontiers
Cultivate the aircraft components market

Building and Infrastructure

- Develop new offering in areas peripheral to core products (CPVC, fore-resistant materials, etc.); accelerate the pace of overseas expansion

Life Science

- Broaden the scope of the medical business
Build an integration structure with Eidia
Boost capacity in the medical products business through the construction of an additional production facility (Tokuyama Sekisui Industry Co., Ltd.)

2H FY2016: New Products/New Businesses, Overseas Business

- Concentrate investment in the Growth and the Nurturing & Creation stages, and generate profits from standout new products

New Products and New Businesses

New Products

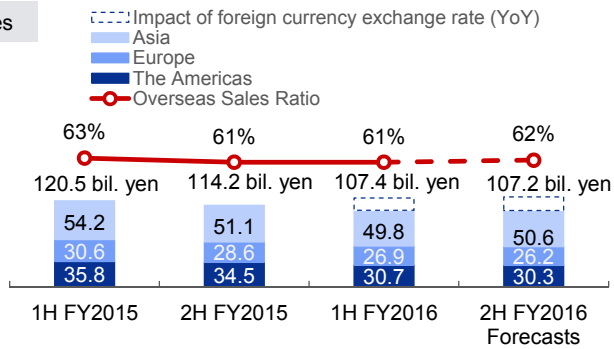
- Car electronics field (Example: Self-luminous interlayer films)
- Semiconductor field (Example: Carbon nanotube temperature difference power generation sheet)
- Energy-saving and energy-creation fields (Example: High magnification foam molding technology)
- Health care field (Example: Cancer, gene, and other diagnostic reagents)

New Businesses

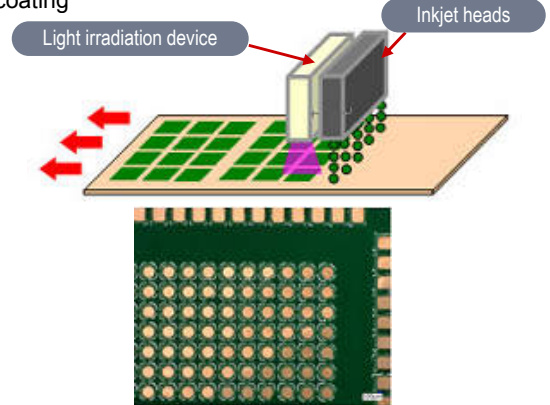
- Semiconductor-related business (Ink-jet field and insulating materials)

Overseas Business

Overseas Sales



- Schematic diagram of the application of an inkjet coating



- Planned release of "self-luminous" interlayer films in FY2018



New head-up display system that is capable of displaying information over the entire windshield

Overview of 1H FY2016

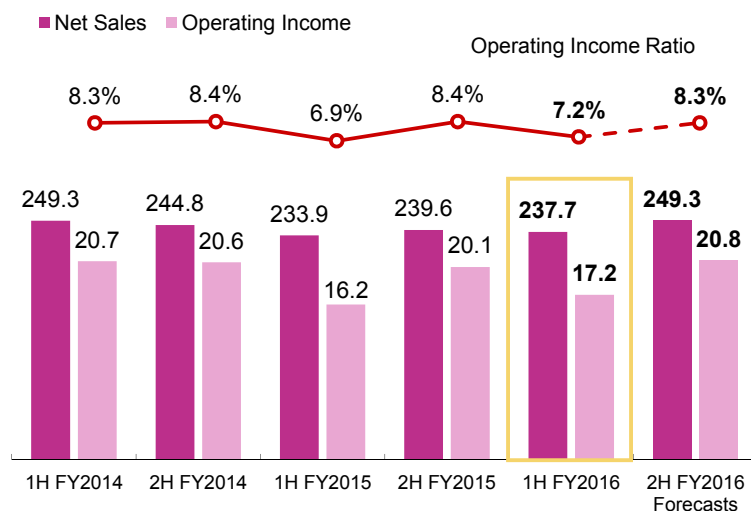
■ Net sales and operating income essentially in line with plans.

Achieved an increase in revenue and earnings.

- Continued recovery in new housing orders; secured a YoY increase in backlog orders as of the period-end.
- Successfully offset the negative impact of the Kumamoto Earthquake and inclement weather (weak performance in Kyushu covered by other areas).

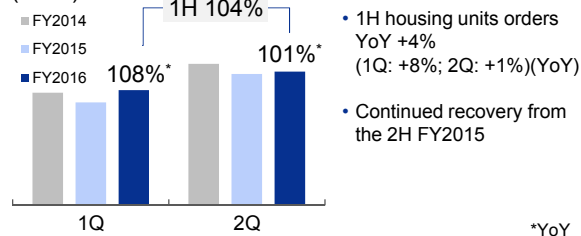
Net Sales and Operating Income

(Billions of yen)



Housing Order

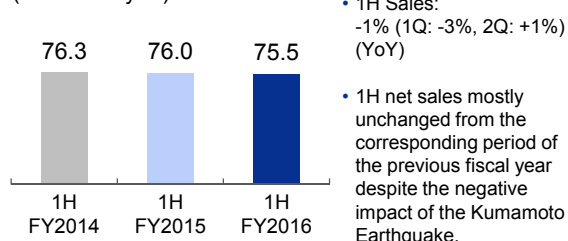
(Units)



- 1H housing units orders YoY +4% (1Q: +8%; 2Q: +1%)(YoY)
- Continued recovery from the 2H FY2015

Living Environment Business Net Sales

(Billions of yen)



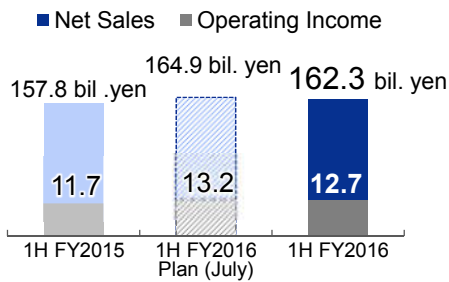
- 1H Sales: -1% (1Q: -3%, 2Q: +1%) (YoY)
- 1H net sales mostly unchanged from the corresponding period of the previous fiscal year despite the negative impact of the Kumamoto Earthquake.

1H FY2016: Results and Analysis of Operating Income by Each Business

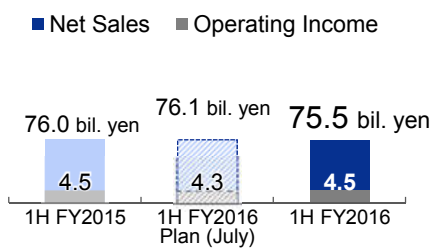
■ Increase in revenue and earnings in the Housing Business; net sales and operating income essentially unchanged from the corresponding period of the previous fiscal year in the Living Environment Business.

1H Results

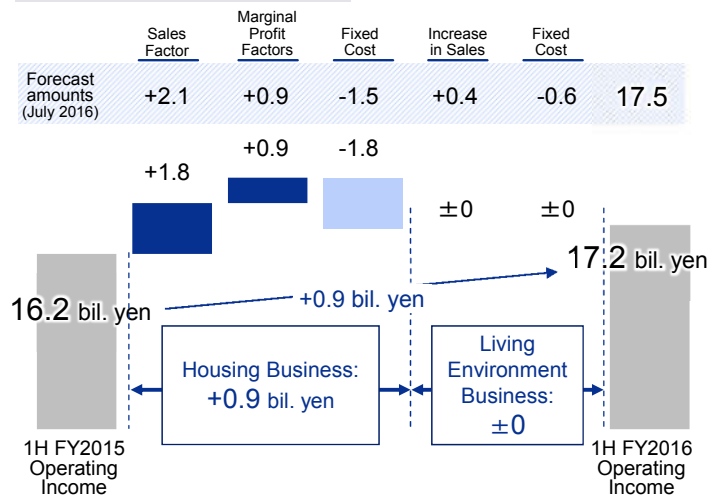
Housing Business



Living Environment Business



Analysis of Operating Income



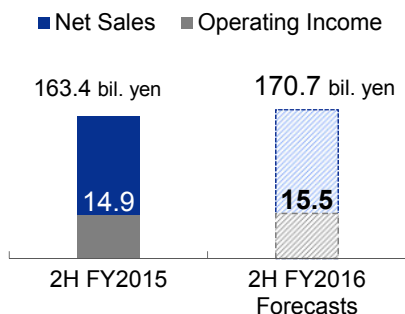
- Order recovery since 2H FY2015 was a sales growth driver in 1H FY2016.
- A return to our original unit product approach (greater factory-built efficiency) boosted marginal profit
- In Living Environment Business, real estate activities grew

2H FY2016 Plan

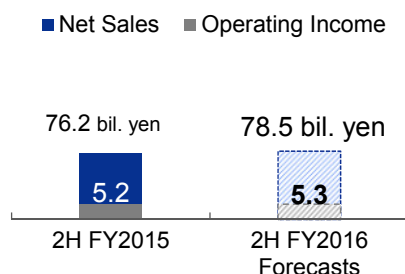
■ Secure an increase in profit in the 2H while maintaining the upward trend in backlog orders.

2H Plan

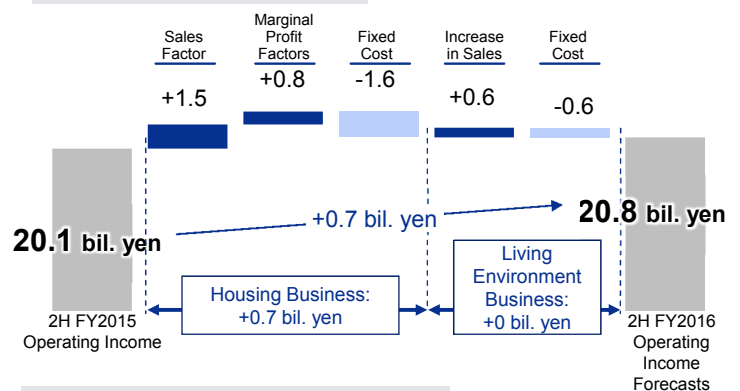
Housing Business



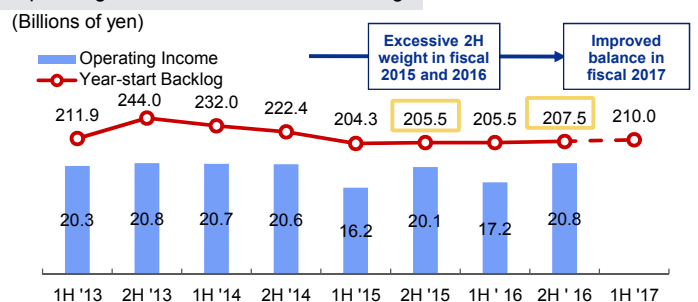
Living Environment Business



Analysis of Operating Income



Operating Income and Year-start Backlog



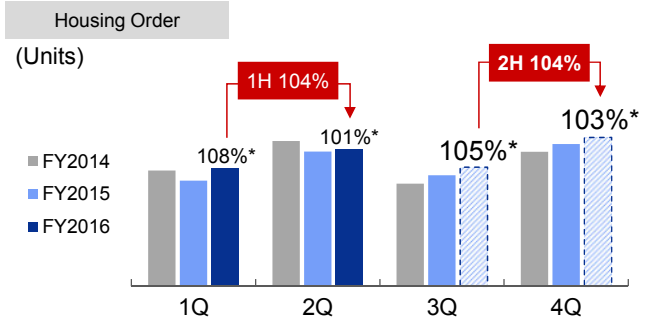
2H FY2016: Key Strategies to acquire New Housing Orders

- Work diligently to achieve order plans by promoting land as well as property for subdivision housing, the G Series, where trends are robust, and smart house-type large-scale new products.

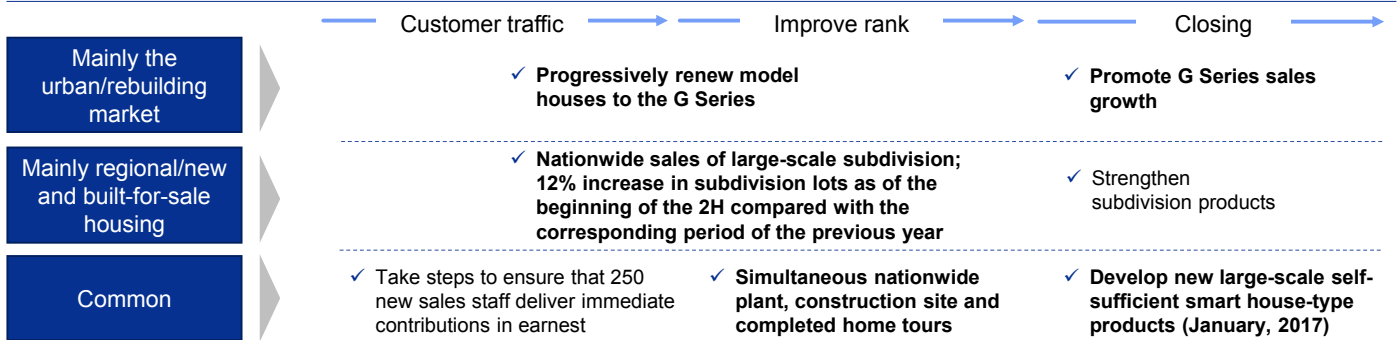
Market Environment Outlook in the 2H

- Market trends essentially in line with the 2Q
- Negative interest environment continuing to drive demand
 - Firm demand for built-for-sale house driven by first buyers
 - Growing anxiety toward earthquakes and disasters (earthquake-resistant, etc.)
 - Round of housing complex demand related to revision to inheritance tax legislation

2H Housing Order Plans

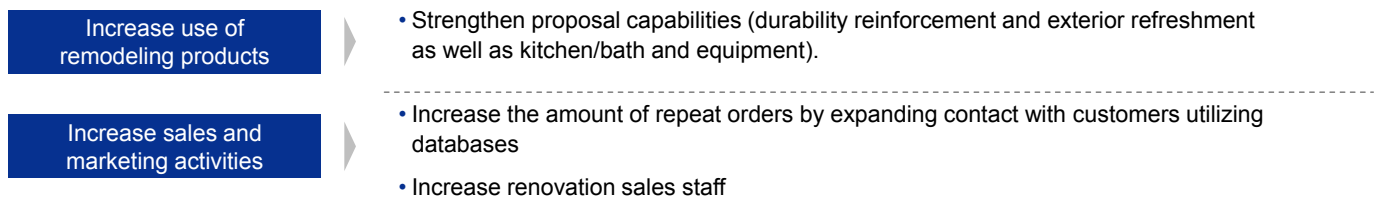


Measure to acquire Orders in the 2H

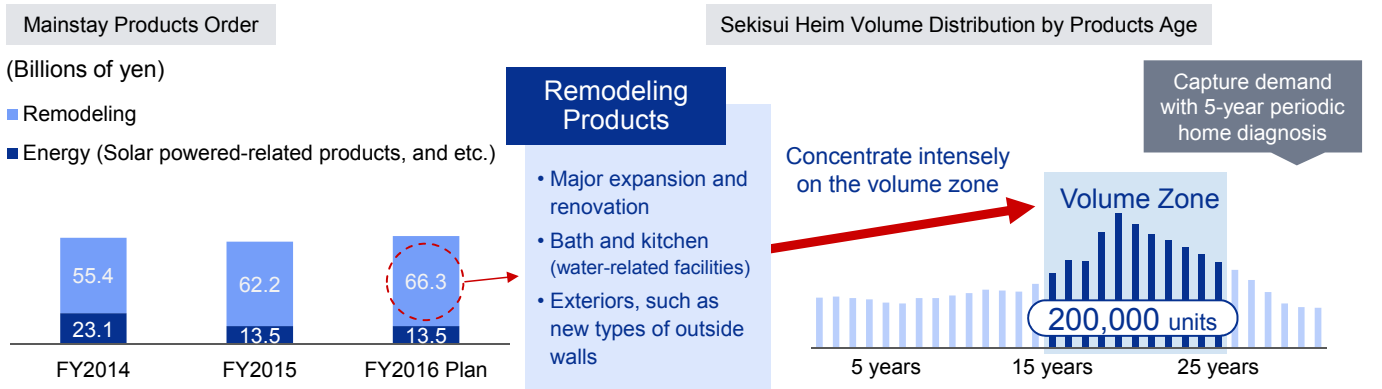


2H FY2016: Key Strategies for Living Environment Business

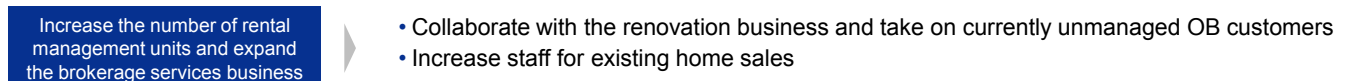
- Reform approach toward renovation sales.



Renovation Business: firmly establish product portfolio reform in line with the structure of demand



- Accelerate the pace of real estate business growth



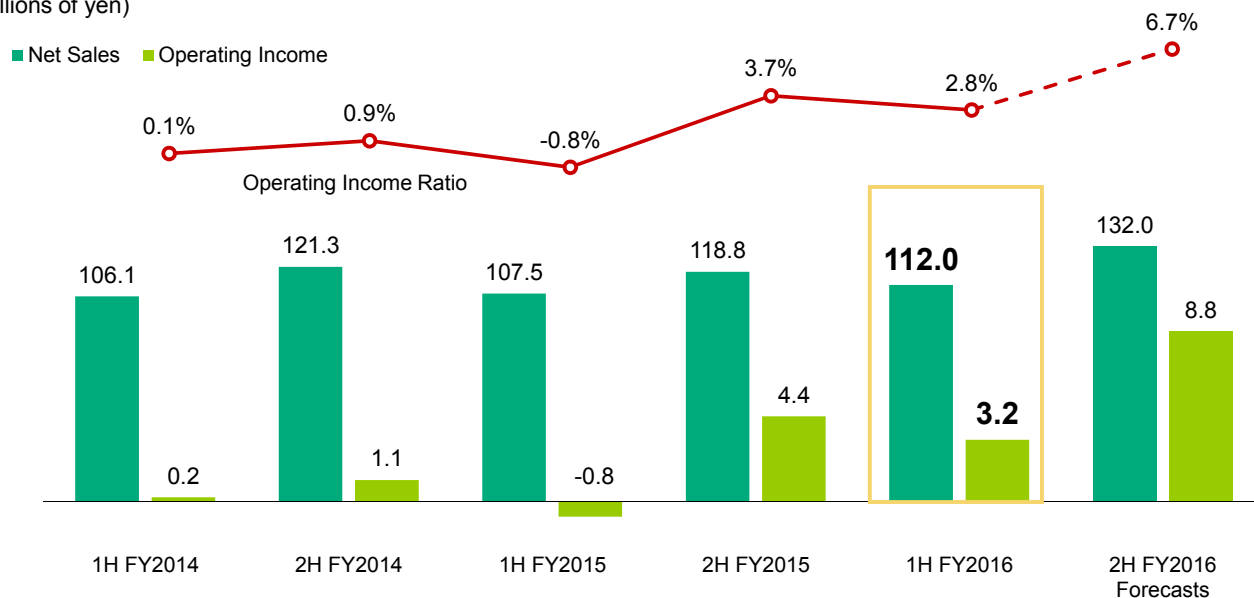
Overview of 1H FY2016

■ Pushed forward improvements in profit; returned to record-high levels.

- Further progress in improving profitability in Japan.
- Realized the positive flow-on effects of structural reforms implemented overseas; growth in highly profitable product contributed to increased profit.

Net Sales and Operating Income

(Billions of yen)



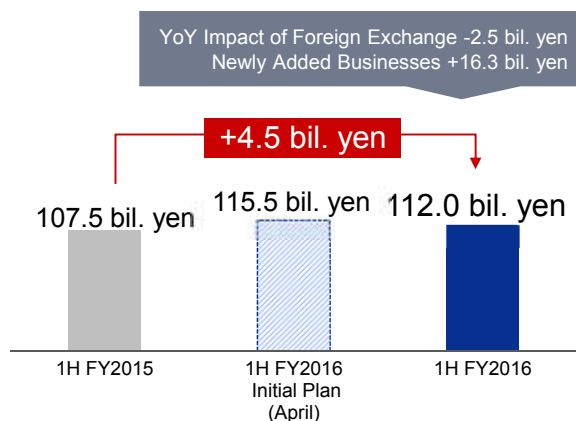
1H 2016: Net Sales and Analysis of Operating Income

- Improvement in manufacturing costs in Japan in excess of plans; effects of structural reforms implemented overseas and growth in highly profitable product contributed to an increase in profit.

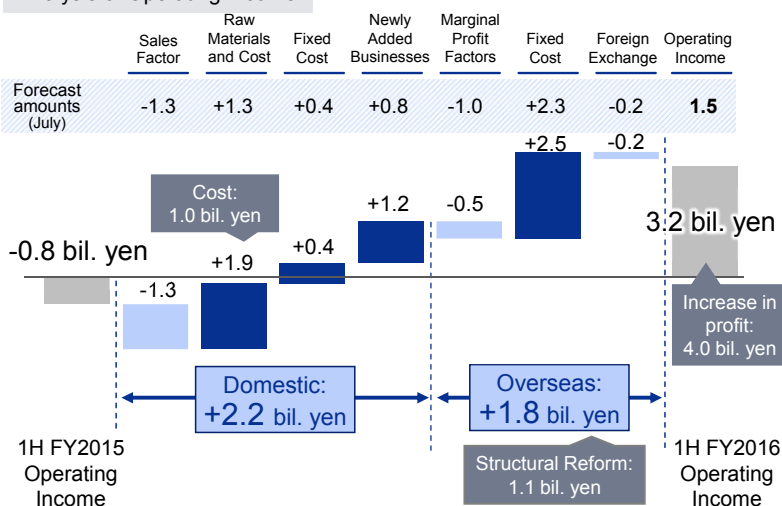
1H FY2016 Results

- Domestic ▶ Progress in improving manufacturing costs due to the introduction of the total production cost method and successful efforts to leveling of shipments
- Overseas ▶ Operations at a new sheet plant for aircrafts commence in earnest; progress driven by the Industrial piping division (Asia) as well as railway sleepers (Australia, Europe)
- Structural Reform ▶ Pipeline rehabilitation: realized the positive flow-on effects of structural reforms; working toward a growth phase through high-value-added products

Net Sales



Analysis of Operating Income



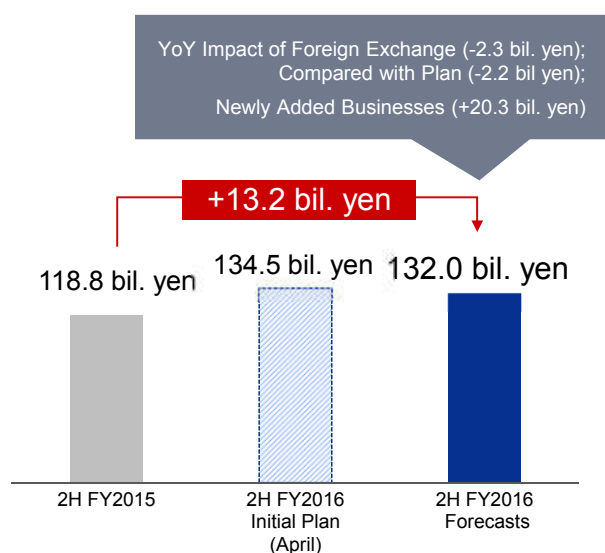
2H FY2016: Key Measures and Analysis of Operating Income

- Target a substantial increase in profit in line with initial plans.

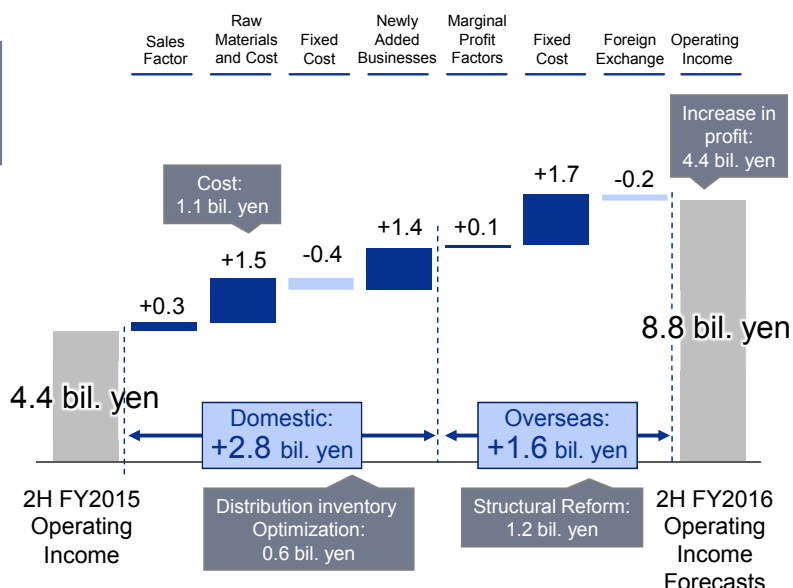
2H FY2016 Key Measures

- Continue to engage in profit improvement activities in Japan
- Expand high-value-added product overseas

Net Sales



Analysis of Operating Income

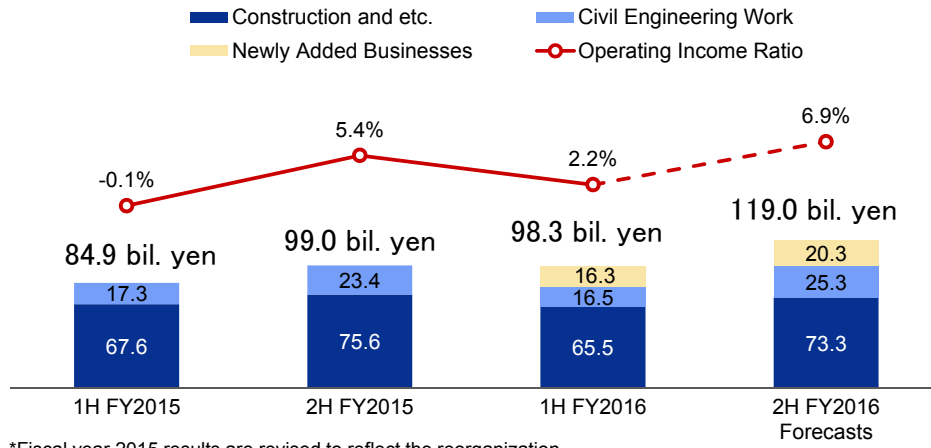


2H FY2016: Key Measures (domestic)

Accelerate the pace of new product development; complete structural reforms.

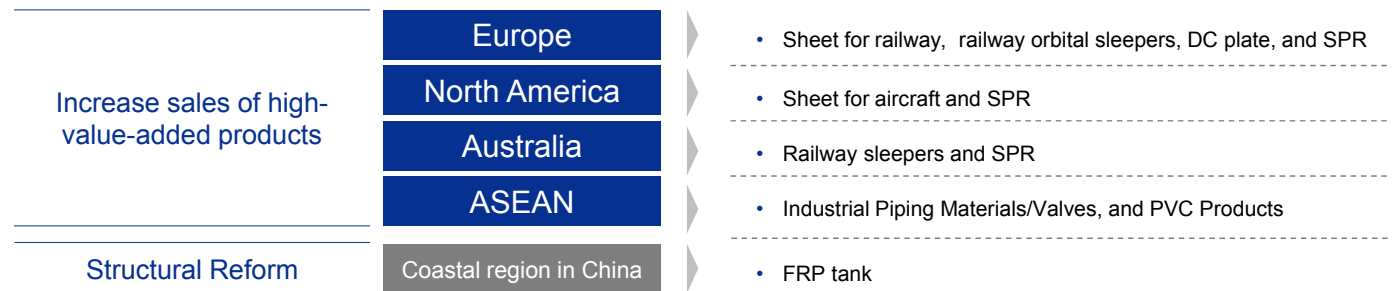
- Profit improvement activities (prioritize high-value-added products)
- Realize the positive effects of standardizing sales (reduce procurement, production, and logistics costs)
- Shift development man-hours to priority fields
- Commence steps to reform the structure of underperforming businesses in Japan

Domestic Sales

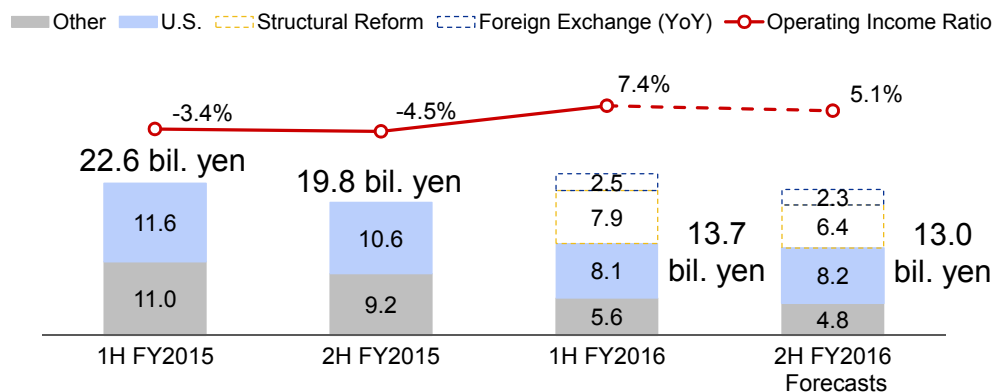


2H FY2016: Key Measures (overseas)

Accelerate the pace of high-value-added product development overseas.

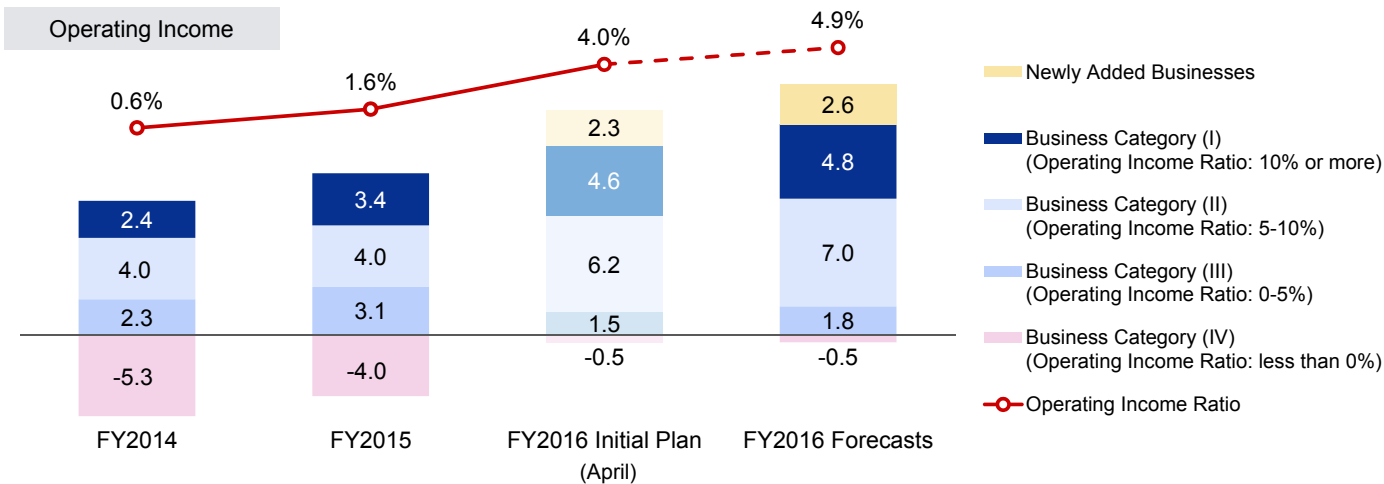


Overseas Sales



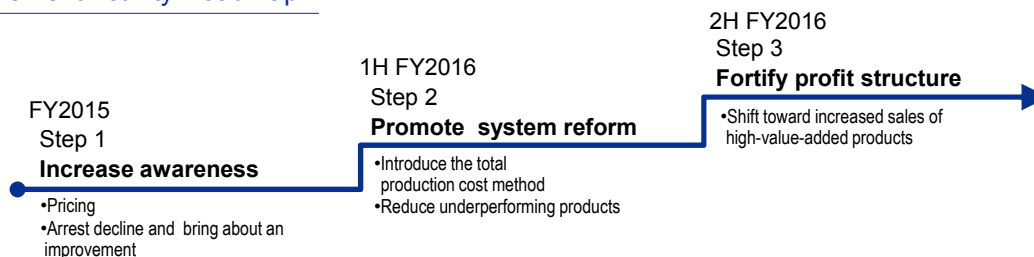
Portfolio Reform Progress

■ Moving from a period of structural reform to an increase in sales of high-value-added products.



*Fiscal year 2015 results are revised to reflect the reorganization.

Profit Improvement Activity Roadmap



Future Growth Strategy

■ Promote the creation and management of housing and social infrastructure through prominent products and technologies.

Growth strategy	Intensively apply management resources, leverage technologies to expand in high-profit fields and develop overseas markets
General-purpose products business	Create fully streamlined operations in anticipation of declining demand in the future
Low revenue businesses	Continue selecting and concentrating businesses and conducting structural reform

Priority fields and products going forward

Products	Fields	Development
Pipe Materials	Construction/ Infrastructure Stock	<ul style="list-style-type: none"> • Metal alternatives, all-plastic products in the water supply/drainage, air conditioning, fire-fighting fields • Rehabilitation
	Industrial Piping	<ul style="list-style-type: none"> • Broaden range chemical- corrosion-, and weather-resistant product applications in Japan and overseas markets centering on Southeast Asia
Performance Materials	Railway and Transportation	<ul style="list-style-type: none"> • Conduct full-fledged development of potential applications for railway sleepers (FFU) in Europe and Australia • Continue developing applications for SEW, anchor wall, and products other than railway sleepers • Develop applications for concrete degradation prevention, steel column reinforcement, water and sound resistance, and insulation.
Sheet	Exclusive Interior	<ul style="list-style-type: none"> • Develop applications for the aircraft(U.S.A), railroad and medical equipment.
Functional Case	Special Applications	<ul style="list-style-type: none"> • Develop applications for the biomedical and electronic materials fields
Technologies to Fortify	Material Technology	<ul style="list-style-type: none"> • Mixed material and polymerization technology, multilayer and composite formation technology, surface treatment technology
	Molding Technology	<ul style="list-style-type: none"> • For extrusion machines, injection molding machines, blow molding machines, vacuum forming machines

Kucho Hyper CH:
resin piping for hot and cold water



Lightweight, metal-alternative, resin pipes with limited elasticity for the construction field

KYDEX:
high-performance plastic sheets



Applications in railcar passenger seats



Applications in medical equipment

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		FY2016			FY2015			FY2014
		1H	2H (plan)	Annual (plan)	1H	2H	Annual	Annual
CONSOLIDATED	Net Sales (Billions of yen)	237.7	249.3	487.0	233.9	239.6	473.4	494.1
	Housing	162.3	170.7	333.0	157.8	163.4	321.2	342.3
	Houses	149.5	157.0	306.5	145.6	151.6	297.1	321.1
	Land	11.9	12.2	24.1	10.4	10.9	21.4	18.7
	Living Environment	75.5	78.5	154.0	76.0	76.2	152.2	151.8
	Refurbishing	48.3	50.0	98.3	50.2	50.2	100.4	105.9
	Interior-Exterior	2.7	3.2	5.9	2.9	2.7	5.6	5.7
	Real estate	22.7	23.4	46.1	21.2	21.6	42.8	38.8
OTHERS	1. Number of houses sold (Housing units)	6,620	7,170	13,790	6,480	6,900	13,380	14,490
	Detached houses	4,740	4,870	9,610	4,630	4,780	9,410	10,120
	Heim	3,790	3,930	7,720	3,660	3,800	7,460	8,080
	Two-U	950	940	1,890	970	980	1,950	2,040
	Apartments (housing complex)	1,880	2,300	4,180	1,850	2,120	3,970	4,370
	2. Main data							
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	30.4	-	-	30.6	30.1	30.3	30.3
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	818	-	-	805	809	806	794
	Floor space (Square meter)	122.7	-	-	125.4	122.8	124.1	125.9
	Exhibition places (Units)	412	-	416	425	-	413	425
	Sales staff (Number of person)	2,522	-	2,400	2,503	-	2,395	2,488
	Rebuilding ratio (%)	30%	31%	31%	26%	28%	27%	29%
	Referral sales ratio (%)	37%	38%	37%	39%	37%	38%	38%

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

Housing Company Results and Plan

2. Housing orders		FY2016			FY2015			FY2014		
		1H	2H (plan)	Annual (plan)	1H	2H	Annual	1H	2H	Annual
(Millions of yen)										
Year-start Backlog		205,500	207,500	-	204,300	205,500	-	232,000	222,400	-
Growth Rate		+1%	+1%	-	-12%	-8%	-	+10%	-9%	-
New Orders		202,457	212,713	415,170	199,914	204,391	404,304	209,943	195,011	404,954
Growth Rate		+1%	+4%	+3%	-5%	+5%	±0%	-15%	-8%	-12%
Sales of houses		200,457	210,213	410,670	198,714	204,391	403,104	219,543	213,111	432,654
Growth Rate		+1%	+3%	+2%	-9%	-4%	-7%	+2%	-5%	-2%
Balance at the end		207,500	210,000	-	205,500	205,500	-	222,400	204,300	-
Growth Rate		+1%	+2%	-	-8%	+1%	-	-9%	-12%	-

3. Housing starts		FY2016			FY2015			FY2014
		1H	2H (plan)	Annual (plan)	1H	2H	Annual	Annual
(Units)								
Housing starts*		494,000	455,000	949,000	471,845	448,692	920,537	880,470
Privately-owned houses* (included in above) =A		152,000	137,000	289,000	148,339	136,102	284,441	278,221
Sales by our company		6,620	7,170	13,790	6,480	6,900	13,380	14,490
Detached house sales by our company=B		4,740	4,870	9,610	4,630	4,780	9,410	10,120
Our share in Detached houses=B/A		3.1%	3.6%	3.3%	3.1%	3.5%	3.3%	3.6%

**The housing starts" and "Privately-owned houses" after 1H of FY2016 are based on forecasts.

4. The ratio of the houses equipped with the high-performance specifications		FY2016			FY2015			FY2014
		1H	2H (plan)	Annual (plan)	1H	2H	Annual	Annual
Solar power generation systems installed		77%	80%	79%	80%	79%	79%	82%
Tiled exterior walls (Heim type JX)		67%	67%	67%	65%	66%	66%	64%
Storage battery installed		21%	29%	25%	27%	23%	25%	27%
Comfortable Air System		73%	73%	73%	67%	73%	70%	68%