

Presentation of Financial Results

for the First Quarter of Fiscal Year 2018, which ending March 31, 2019

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Results for 1Q FY2018 and Forecasts for 1H FY2018

Forex Rate	1Q FY2017	2Q FY2017	1H FY2017	1Q FY2018	2Q FY2018	1H FY2018	FY2018 (Initial Plan)
Assumption	¥113/US\$ ¥121/€	¥110/US\$ ¥124/€	¥112/US\$ ¥123/€	¥108/US\$ ¥134/€	¥110/US\$ ¥129/€	¥109/US\$ ¥132/€	¥108/US\$ ¥134/€
Results (Avg. rate for each term)	¥111/US\$ ¥122/€	¥111/US\$ ¥130/€	¥111/US\$ ¥126/€	¥109/US\$ ¥130/€	-	-	-

1Q FY2018 Results

- Increases in sales and at each level of profit in line with plans
- Improvements in ordinary income and the bottom line from the operating income level due to improvement in net financial income and the incidence of foreign exchange gains

(Billions of yen)	1Q FY2017	1Q FY2018	Difference
Net Sales	233.9	241.9	+7.9
Operating Income	12.6	9.4	-3.2
Ordinary Income	14.0	11.7	-2.3
Net Income Attributable to Owners of the Parent	9.9	7.6	-2.3

* Gain on sales of property, plant and equipment (extraordinary income) of 2.5 billion yen in the 1Q of FY2017

1Q FY2018 Results: Net Sales and Operating Income by Divisional Company

- Progress in line with plan at all three divisional companies

- HPP: While profits declined owing mainly to the high cost of raw materials and the increase in fixed costs attributable to strategic investments, steady growth in sales volume and improvement in the product mix
- Housing: While profits declined on the back of a downturn in the number of houses sold due to delays in construction completion, the balance of orders leading into the 2Q increased
- UIEP: While profits declined owing mainly to the increase in fixed costs attributable to strategic investments and the time taken for product price increases to take effect in light of the high cost of raw materials, domestic prioritized product sales were firm with a steady recovery in the overseas sheet business.

(Billions of yen)	1Q FY2017		1Q FY2018		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP*	91.2	14.4	101.1	13.2	+9.9	-1.2
Housing*	94.9	-0.4	94.0	-1.6	-0.9	-1.2
UIEP*	51.7	1.4	50.6	1.1	-1.2	-0.2
Other	1.1	-2.5	1.3	-2.6	+0.1	-0.1
Eliminations or Unallocatable Accounts	-4.9	-0.3	-5.0	-0.8	-0.1	-0.5
Total	233.9	12.6	241.9	9.4	+7.9	-3.2

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

1H FY2018 Earnings Forecasts

- Projecting a substantial increase in sales; each level of profit expected to come in line with plans

(Billions of yen)	1H FY2017	1H FY2018 (Forecasts)	Difference	1H FY2018 Plan (Apr. 2018)
Net Sales	534.1	566.0	+31.9	566.0
Operating Income	46.0	44.5	-1.5	44.5
Ordinary Income	48.6	45.0	-3.6	45.0
Net Income Attributable to Owners of the Parent	34.2	29.5	-4.7	29.5
Dividend per Share (Yen)	19*	21	+2	21

*Including 70th anniversary commemorative dividend of 1 yen per share.

1H FY2018 Forecasts: Net Sales and Operating Income by Divisional Company

- 1Q results bottomed out; While the impact of high raw material costs is expected to linger in the 2Q, profit projected to shift to an upward trajectory in line with plans owing to the further increase in sales volumes and improvement in the product mix as well as the effects of product price increases

- HPP: Plan to take major steps aimed at increasing sales volumes and improving the product mix by realizing the effects of strategic investments (increase in production capacity, M&A synergies); plan to also offset high raw material costs and the increase in fixed expenses
- Housing: Plan to offset the increase in costs associated with the growth in orders by increasing the number of newly built houses sold
- UIEP: Plan to steadily increase sales volumes and improve the product mix both in Japan and overseas; plan to focus on deepening product price increases from the 2Q

(Billions of yen)	1Q FY2017		1Q FY2018		2Q FY2017		2Q FY2018 (Forecasts)		1H FY2017		1H FY2018 (Forecasts)		1H FY2018 Plan (Apr. 2018)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	91.2	14.4	101.1	13.2	94.4	14.4	103.9	15.3	185.5	28.8	205.0	28.5	205.0	28.5
Housing	94.9	-0.4	94.0	-1.6	149.5	18.2	158.0	19.4	244.4	17.8	252.0	17.8	253.0	17.8
UIEP	51.7	1.4	50.6	1.1	60.3	3.5	63.9	3.8	112.1	4.8	114.5	4.9	114.5	4.9
Other	1.1	-2.5	1.3	-2.6	1.6	-2.4	2.2	-3.1	2.7	-4.8	3.5	-5.7	3.5	-5.7
Eliminations or Unallocatable Accounts	-4.9	-0.3	-5.0	-0.8	-5.6	-0.3	-4.0	-0.2	-10.6	-0.6	-9.0	-1.0	-10.0	-1.0
Total	233.9	12.6	241.9	9.4	300.2	33.4	324.1	35.1	534.1	46.0	566.0	44.5	566.0	44.5

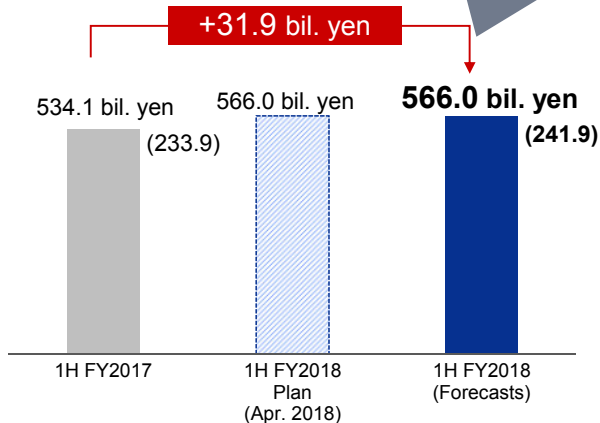
1H FY2018 Forecasts: Analysis of Net Sales and Operating Income

- Plans to offset the increase in costs (high raw material costs and an increase in fixed expenses) in overall terms through efforts to increase sales volumes, improve the product mix and reduce costs thereby holding the decrease in profit to a minimum; mechanisms earmarked for the 2H and beyond anticipated to progress in line with plans

Net Sales

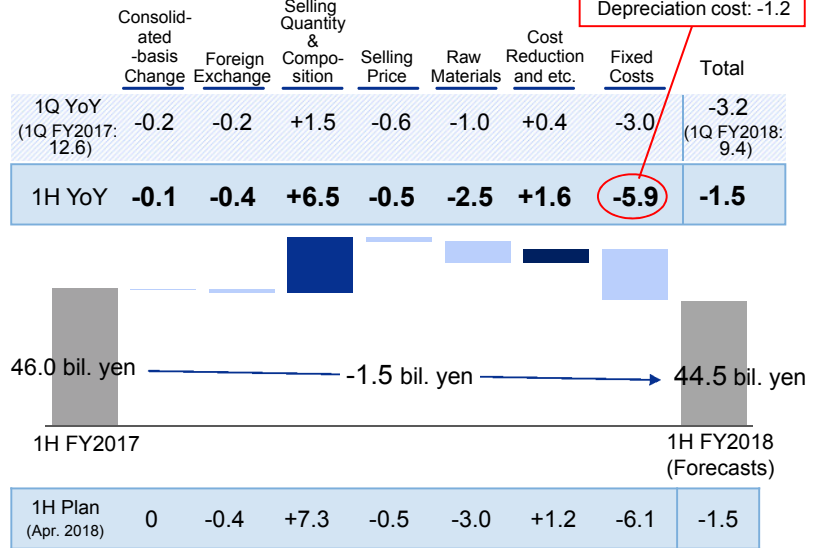
(): 1Q Results

Newly consolidated (YoY): +15.0 bil. yen



- Increased by 16.9 billion yen on the actual basis excluding the impact of newly consolidated

Analysis of Operating Income



External Factors and the Impact on Performance

	1Q*	2Q (Assumption)	1H (Assumption)	Impact on Performance
Forex Rate	¥108/US\$ and ¥134/€ ¥109/US\$ and ¥130/€	¥110/US\$ and ¥129/€	¥109/US\$ and ¥132/€	Ordinary income down around ¥600 million per year in the event of a ¥1 appreciation against the US\$
Domestic naphtha price	¥48,000/KL ¥49,000/KL	¥53,000/KL	¥51,000/KL	Operating income down around ¥200 million per year in the event of a ¥1,000/KL increase

*Upper row: Assumption, Lower row: Results (Avg. rate for 1Q) /Forecast

High Performance Plastics Company: 1H FY2018 Forecasts

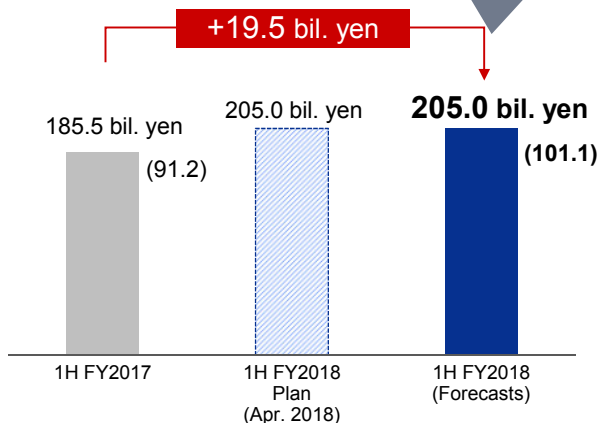
HPP Company

- Forecast progress in line with 1H plans; plans to offset the increase in costs (high raw material costs and an increase in fixed expenses) through efforts to substantially increase sales volumes and improve the product mix mainly in the four strategic fields and to reduce costs

Net Sales

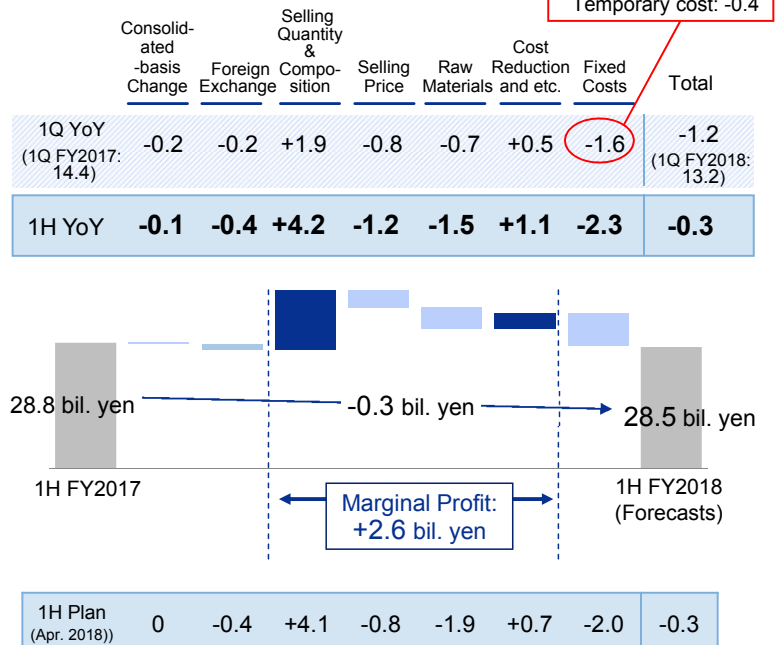
(): 1Q Results

Newly consolidated (YoY): +15.0 bil. yen



- Increased by 4.5 billion yen on the actual basis excluding the impact of newly consolidated

Analysis of Operating Income



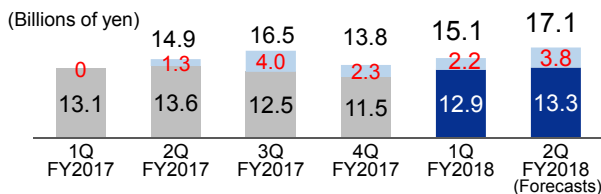
- Progress essentially in line with plans across each of the four fields; the Electronics field to bottom out while realizing the effects of strategic investments in the Automobiles and Transportation field
- While demand is projected to improve in overall terms in the 2Q, the external environment is uncertain

Net Sales in the Four Strategic Fields and Progress in 1H FY2018

*The increase owing to M&A is marked in red

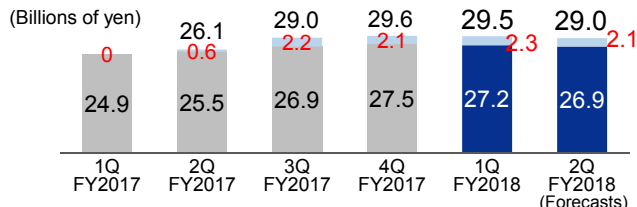
Electronics

- While falling below expectations, smartphone-related demand is projected to experience a modest recovery; expectations this recovery will grow stronger in the 2Q
- Steady progress in the packaging/semiconductor field



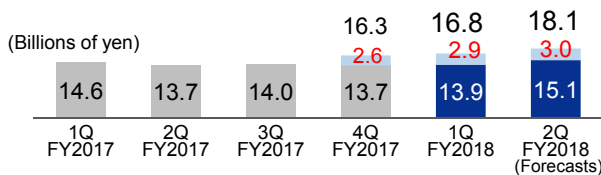
Automobiles and Transportation

- Despite a sense that demand is slowing in China, global demand remains steady overall
- Steady progress in the start-up of a new high-performance products interlayer film production line in Mexico
- Expanding the automotive heat release materials business (newly establish a manufacturing and sales base in Europe in FY2019)



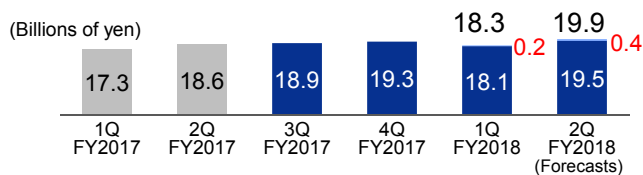
Building and Infrastructure

- CPVC: Global demand recovering; while conditions are difficult in Asia including India, expanding market share in the Americas
- Fire-resistant materials: Progress in the development of existing product applications; urethane business expanding



Life Science

- Steady progress in diagnostic reagents both in Japan and overseas
- Veredus Laboratories Pte. Ltd. newly consolidated; work to capture ASEAN demand



Housing Company: 1H FY2018 Forecasts

- Results in each business projected to progress essentially in line with 1H plans

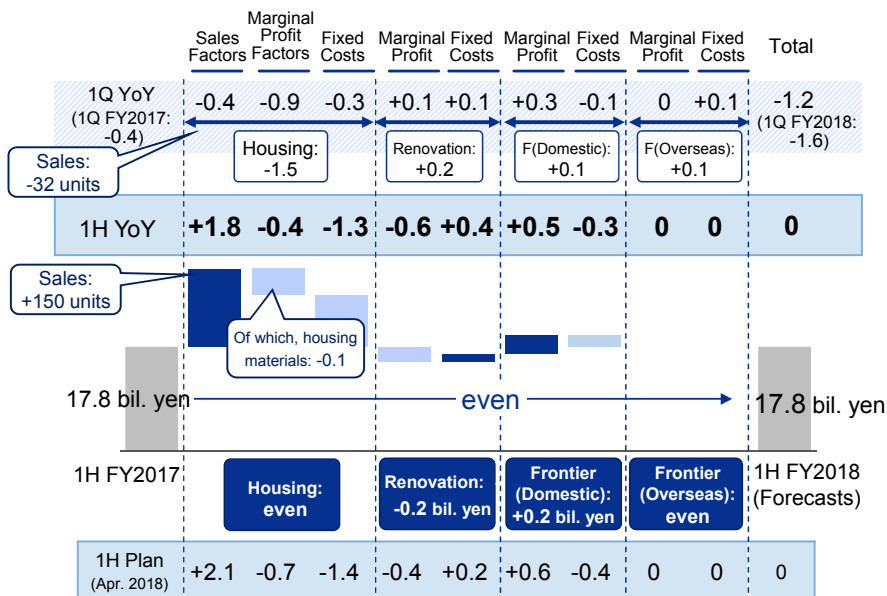
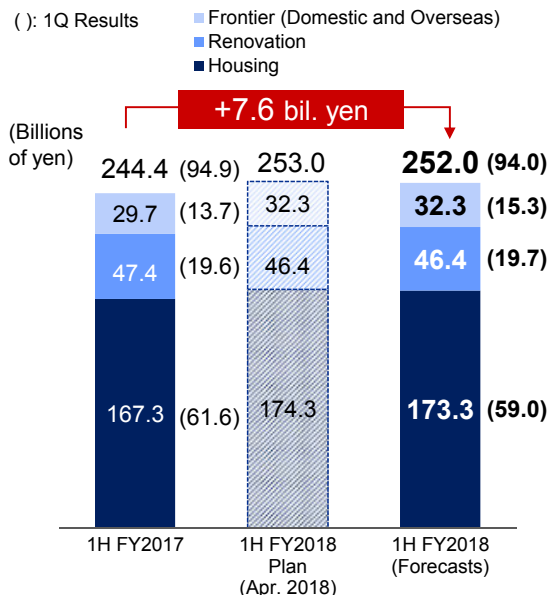
- Housing: Offset the increase in costs attributable to forward-looking investments aimed at expanding orders through an increase in the number of houses sold orders
- Renovation: Advances in strengthening of earning power with focus on increasing the efficiency of indirect functions
- Impact on business performance from natural disaster caused by torrential rains in western Japan under review

Results and Plan for Orders (YoY)

	1Q	2Q	1H	Initial Plan
Housing Order (Units)	+2%	+3%	+3%	+3%
Renovation Order (Amount)	-3%	even	-1%	+1%

Net Sales by Business

Analysis of Operating Income



■ Achieve 1H housing order plan by (1) product strategies (2) land/subdivision housing strategies and (3) sales force strategies

1Q Overview and 2Q Market Forecasts

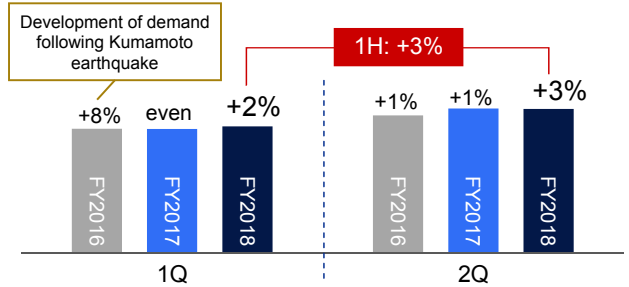
- Orders for detached housing were in line with plan, housing complexes decreased substantially
- Balanced distribution of steel- and wood-frame housing sales
- Successfully secured increase in number of visitors (up 3%, YoY) through sales force enhancements (sales personnel/model houses)

1Q Order (Units, YoY)

Steel-frame housing	+5%
Wood-frame housing	+7%
Housing complex	-27%

Housing Order Plan

New Housing Order (Units, YoY)



■ Modest vitality projected in market from 2Q onward in lead up to consumption tax rate hike.

Progress of 1H Initiatives Aimed at Securing Orders

Product Strategies

✓ Completion of lineup by price range

High Price zone	New Parfait (July)	Acquire rush demand focusing on rebuilding demand
	SPS GR (Apr.)	Strengthening ZEH measures
	Grand To You V	Acquire first buyer's demand

- Maximize new product orders
- Accelerate zero-energy house (ZEH) compliance (FY2018 ZEH ratio target: 65%)

Land and Subdivision Housing Strategies

- Favorable orders received for Company-owned land and subdivision housing (1Q: Up 14%, YoY)
- Secure sales stock for 2Q (End of 1Q: Up 9%, YoY)

- Envisioned until 1H of FY2019, further strengthening of procurement of land

Sales Force

- Increase sales personnel (At end of 1Q: Up 5%, YoY)
- Numbers of model houses/open houses (At end of 1Q: Up 5%, YoY)

- Additional model house/open house enhancements
- Prepare for nationwide deployment of experience-based showrooms (AR/VR)

Urban Infrastructure and Environmental Products Company: 1H FY2018 Forecasts

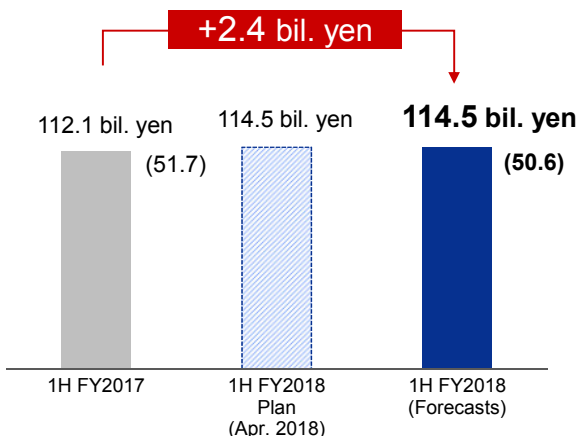
■ In Japan, although able to increase sales quantities and improve the product mix, raw material costs and fixed costs increased. Overseas, sales recovered steadily and 1H plan expected to be achieved

- Domestic prioritized products* steadily expanded with focus geared toward non-residential facilities and public sector
- Launch of PVC product price increases completed. Aiming for new pricing to penetrate market from 2Q
- Impact on business performance from natural disaster caused by torrential rains in western Japan under review
- Aircraft sheet recovery in the North America area; steady progress also in ASEAN alliance strategies (piping materials/plant)

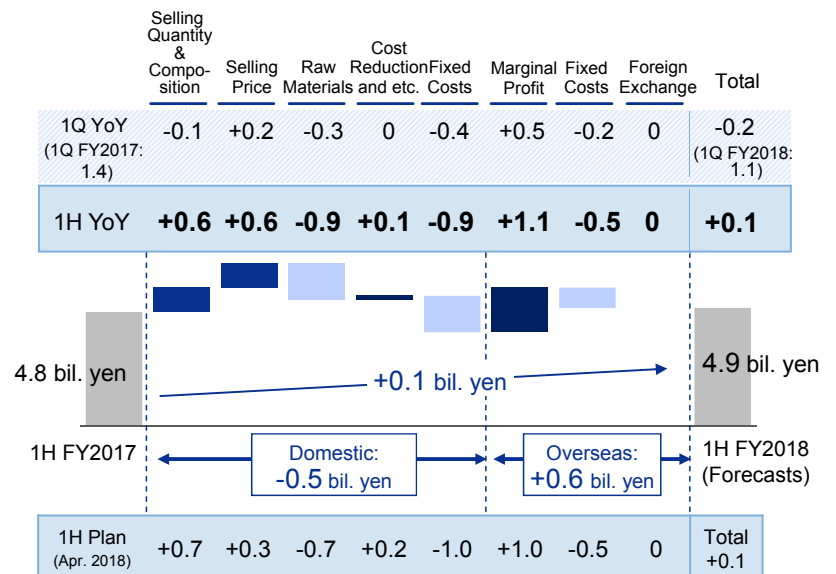
* Prioritized products: High-value-added products with the potential for market growth and substitutability

Net Sales

(): 1Q Results



Analysis of Operating Income

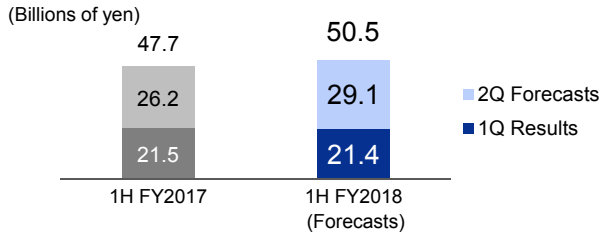


- Steady expansion in pipes/infrastructure, recovery in advanced materials
- Steady progress in sales expansion of prioritized products

Net Sales in the Three Strategic Fields and Progress in 1H FY2018

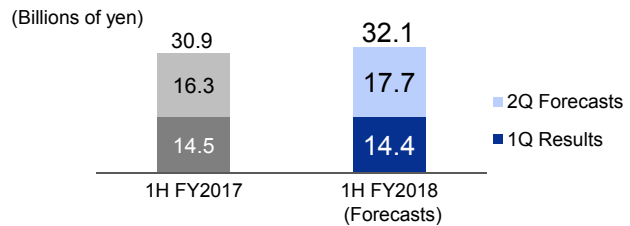
Piping and Infrastructure

- Robust demand for non-residential facilities and infrastructure in metropolitan areas
- Pipeline renewal business (domestic/overseas) performing steadily
- ASEAN sales expansion (piping materials/plant) due to effects of alliance strategies



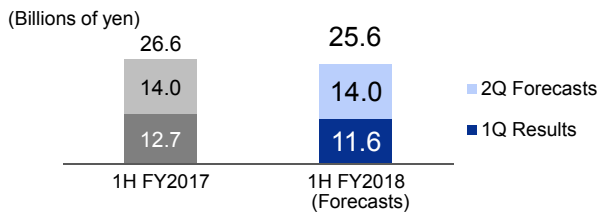
Advanced Materials

- Aircraft sheet demand recovery, advance gaining of new customers
- Steadily advance adoption of FFU products with focus on Europe



Building and Living Environment

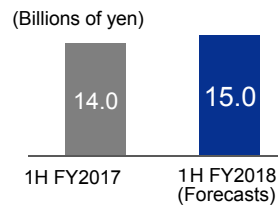
- Reflecting impact of decrease in demand for housing complexes, decrease in sales of building materials and modular bathrooms
- Expand and enhance prioritized products for non-residential markets



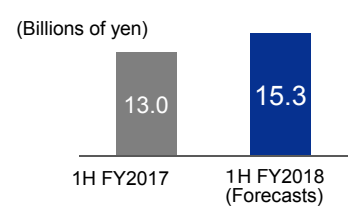
Prioritized Products Sales and Overseas Sales*

- Steadily expanding. Introduction of new products (modular bathrooms compatible with nursing care equipment, etc.) also in line with plans

Prioritized Products Sales



Overseas Sales



*Including the export of domestic products

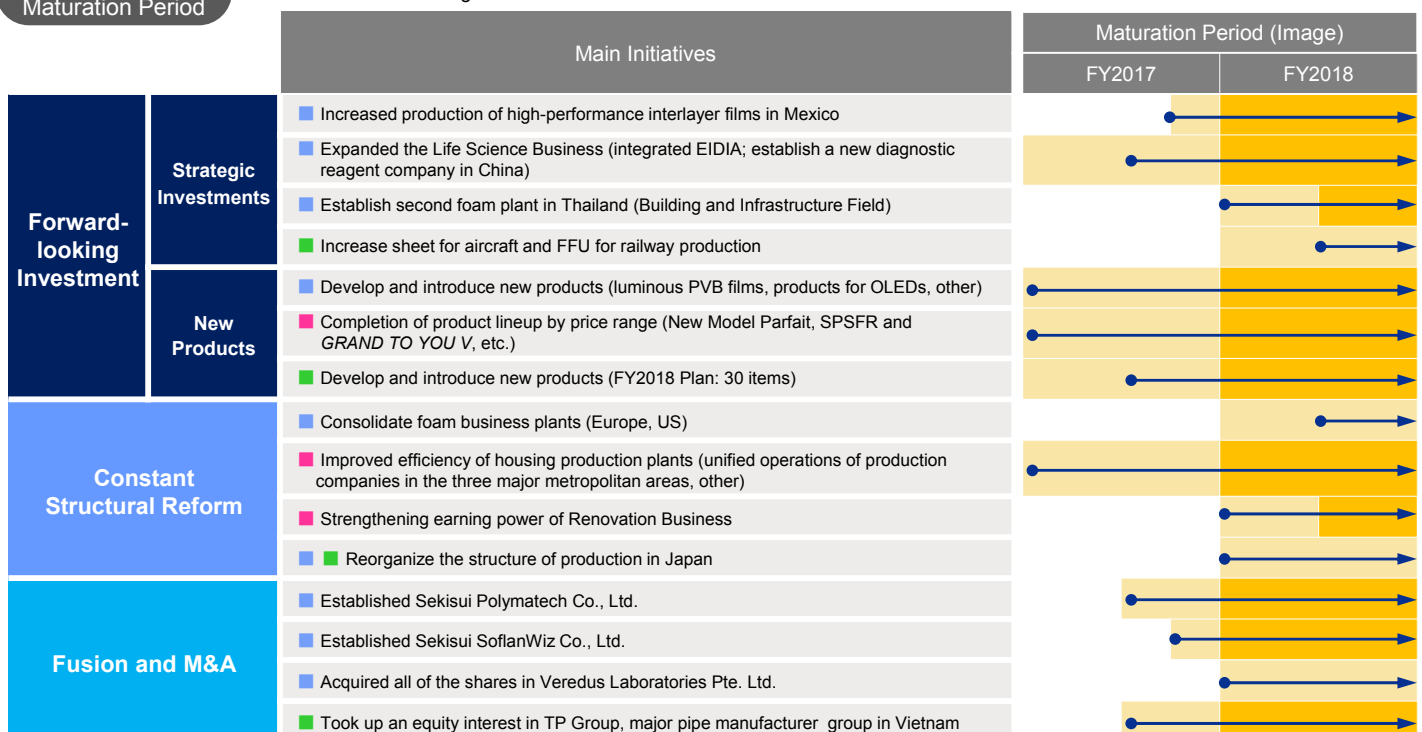
Progress Status of Various Measures

- Effects of various measures expected to become evident in phases

Main Initiatives and Maturation Period

■ HPP ■ Housing ■ UIEP

■ : Begin realizing benefits
■ : Realize benefits in earnest



Financial Results

for 1Q FY2018

Consolidated Companies

Number of Consolidated Companies

	Mar. 31, 2018	June 30, 2018	Difference
Consolidated Subsidiaries	151	153	Increased: 2 Subsidiaries* ¹ Decreased: 0 Subsidiaries
Affiliates (Equity Method)	8	8	Increased: 0 Subsidiaries Decreased: 0 Subsidiaries

*1: SEKISUI MEDICAL TECHNOLOGY(SUZHOU) CO., LTD. and Veredus Laboratories

Influence of Change in the Number of Consolidated Companies

	1Q FY2018 (YoY)	Difference
Net Sales	+7.7 bil. yen	<ul style="list-style-type: none"> • Sekisui Polymatech Co., Ltd.*² • Sekisui SoflanWiz Co., Ltd.*³ and etc.
Operating Income	-0.2 bil. yen	

*2: Newly Consolidated from 2Q FY2017

*3: Newly Consolidated from 3Q FY2017

Summary of Profit and Loss

(Billions of yen)	1Q FY2017	1Q FY2018	Difference	
Net Sales	233.9	241.9	+7.9	
Gross Profit	76.3	78.0	+1.7	
Gross Profit Rate	32.6%	32.2%	-0.4%	
Selling, Gen. and Admin. Expenses	63.6	68.5	+4.9	
Operating Income	12.6	9.4	-3.2	
Equity in Earnings of Affiliates	0.3	0.1	-0.2	
Other Non-operating Income and Expenses	1.1	2.1	+1.0	Foreign exchange gain and loss ▶ +1.0 bil. yen
Ordinary Income	14.0	11.7	-2.3	
Extraordinary Income	2.5	-	-2.5	Incidence of a gain on sales of property, plant and equipment (1Q FY2017)
Extraordinary Loss	0.3	0.5	+0.1	
Income before Income Taxes	16.1	11.2	-4.9	
Corporate Income Tax, etc.	4.6	3.1	-1.5	
Net Income Attributable to Non-controlling Interests	1.6	0.5	-1.1	
Net Income Attributable to Owners of the Parent	9.9	7.6	-2.3	
Foreign Exchange (Avg. rate)				
1US\$	111 yen	109 yen		
1€	122 yen	130 yen		

Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2018	June 30, 2018	Difference	
Cash and Deposits	78.0	76.4	-1.6	
Account Receivable on Sales	183.3	171.1	-12.2	
Inventories	170.5	190.7	+20.2	Increase in housing construction work-in-process and other
Other Current Assets	27.5	29.0	+1.5	
Tangible Non-Current Assets	279.7	293.1	+13.3	Capital investment/ M&A and etc.
Intangible Non-Current Assets	51.1	54.1	+3.0	
Investments in Securities	177.7	175.6	-2.2	Influence of change of consolidated companies ▶ +1.9 bil. yen
Investments & Other Assets	26.4	27.9	+1.5	Foreign exchange ▶ -1.0 bil. yen
Total Assets	994.1	1,017.8	+23.6	Actual basis: +22.7 bil. yen

Balance Sheets (Liabilities & Net Assets)

(Billions of yen)	Mar. 31, 2018	June 30, 2018	Difference	
Non-Interest-Bearing Liabilities	335.0	334.7	-0.4	
Interest-Bearing Liabilities	46.3	86.6	+40.3	
Total Liabilities	381.4	421.3	+39.9	
Capital Stock etc.	209.0	209.0	0	
Retained Earning	374.1	359.3	-14.8	Net income ▶ 7.6 bil. yen
Treasury Stock	-42.5	-43.2	-0.7	Dividends paid ▶ -9.9 bil. yen
Unrealized Holding Gain on Securities	46.3	45.9	-0.5	Retirement of treasury stock ▶ -11.9 bil. yen
Non-controlling Interests	24.7	24.2	-0.6	
Other Net Assets	1.0	1.2	+0.2	
Total Net Assets	612.8	596.5	-16.3	Purchases of treasury stock ▶ -12.9 bil. yen
Total Liabilities, Net Assets	994.1	1,017.8	+23.6	Retirement of treasury stock ▶ +11.9 bil. yen

Consolidated Cash Flows

(Billions of yen)	1Q FY2017	1Q FY2018	
Operating Cash Flows	4.7	1.2	
Investing Cash Flows	11.6	-19.5	Decrease in cash inflows attributable to such factors as the acquisition of non-current assets and the withdrawal of time deposits and etc.
Financing Cash Flows	-15.7	16.3	Increase in short-term debt and commercial paper and etc.
Net Increase in Cash and Cash Equivalents	1.8	-2.4	
Cash and Cash Equivalents at the End of Term	92.3	74.7	
Free Cash Flow =Operating Cash Flows + Investing Cash Flows - Dividends Paid	7.0	-28.2	

Depreciation and Capital Expenditures

(Billions of yen)	FY2017		FY2018		Difference	
	1Q	Full Year	1Q	Full Year (Plan)	1Q	Full Year
Depreciation	8.8	36.0	9.1	40.0	+0.3	+4.0
Capital Expenditures	12.4	53.5	25.3	75.0	+12.9	+21.5

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Housing Company Results and Plan

1. Main data in Housing business		FY2018		FY2017		
		1Q	1H (Forecasts)	1Q	1H	2H
CONSOLIDATED	Net Sales (Billions of yen)	94.0	252.0	94.9	244.4	253.4
	Housing	59.0	173.3	61.6	167.3	174.6
	Renovation	19.7	46.4	19.6	47.4	47.7
	Frontier (Domestic)	14.9	31.5	13.3	28.7	30.2
	Real estate	12.7	26.6	11.2	23.9	25.1
	Residential Services	2.2	4.9	2.0	4.7	5.1
	Overseas	0.4	0.8	0.4	1.0	0.9
OTHERS	1. Number of houses sold (Housing units)	1,880	5,450	1,930	5,360	5,460
	Detached houses	1,810	5,050	1,840	4,940	4,940
	Heim	1,430	4,050	1,560	4,200	4,070
	Two-U	380	1,000	280	740	870
	Apartments (housing complex)	70	400	90	420	520
	2. Main data					
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	30.7	-	31.0	31.0	31.1
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	837	-	831	832	836
	Floor space (Square meter)	121.0	-	123.1	123.0	122.8
	Exhibition places (Units)	-	429	-	416	419
Sales staff (Number of person)	2,674	2,660	2,548	2,495	2,367	
Rebuilding ratio (%)*	26%	28%	28%	28%	28%	
Referral sales ratio (%)*	33%	32%	32%	32%	33%	

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

Housing Company Results and Plan

2. Housing orders		FY2018		FY2017			FY2016	
		1Q	1H (Forecasts)	1Q	1H	2H	1H	2H
(Millions of yen)								
Year-start Backlog		206,900	-	206,000	-	207,800	205,500	207,500
Growth Rate		±0%	-	±0%	-	±0%	+1%	+1%
New Orders		92,443	204,640	92,277	202,957	207,061	202,457	207,529
Growth Rate		±0%	+1%	+1%	±0%	±0%	+1%	+2%
Sales of Housing and Renovation		71,593	204,050	75,077	201,157	207,961	200,457	209,029
Growth Rate		-5%	+1%	+2%	±0%	±0%	+1%	+2%
Balance at the end		227,750	208,200	223,200	207,800	206,900	207,500	206,000
Growth Rate		+2%	±0%	±0%	±0%	±0%	+1%	±0%

3. Housing starts		FY2018		FY2017		
		1Q	1H (Forecasts)	1Q	1H	2H
(Units)						
Housing starts*		250,000	470,000	249,916	496,840	449,556
Privately-owned houses* (included in above) =A		72,000	147,000	73,634	148,266	133,845
Detached house sales by our company=B (Unit base)		1,810	5,050	1,840	4,940	4,940
Our share in Detached houses=B/A		2.5%	3.4%	2.5%	3.3%	3.7%

**Housing starts" and "Privately-owned houses" after 1Q of FY2018 are based on forecasts.

4. The ratio of the houses equipped with the high-performance specifications		FY2018		FY2017		
		1Q	1H (Forecasts)	1Q	1H	2H
Solar power generation systems installed		75%	76%	75%	75%	73%
Tiled exterior walls (Heim type JX)		73%	75%	71%	71%	71%
Storage battery installed		27%	30%	23%	21%	21%
Comfortable Air System		75%	75%	75%	75%	78%