



SEKISUI CHEMICAL CO., LTD.

Presentation of Financial Results  
for FY2020 and the Management Plan

**Keita Kato**  
President

April 27, 2021

## Results for FY2020

Forex Rate	FY2019		FY2020	
	1H	2H	1H	2H
Assumptions	¥109/US\$ ¥124/€	¥108/US\$ ¥120/€	¥109/US\$ ¥121/€	¥105/US\$ ¥126/€
Results (Avg. rate for each term)	¥109/US\$ ¥121/€	¥109/US\$ ¥120/€	¥107/US\$ ¥121/€	¥105/US\$ ¥126/€

## Overview of FY2020 Results

- Drop in net sales due to the significant impact of COVID-19; decrease at each level of profit; fell short of plans
- Incidence of structural reform and other expenses (non-operating losses); posted an impairment loss on intangible assets and a gain on sale of land (extraordinary income and loss)
- Dividend in line with plans; dividend per share of ¥47, up ¥1 (eleventh consecutive FY of dividend increase)

(Billions of yen)	FY2019	FY2020	Difference	FY2020 Forecasts (Jan.)	Difference
Net Sales	1,129.3	1,056.6	-72.7	1,057.4	-0.8
Operating Income	88.0*	67.3	-20.7	70.0	-2.7
Ordinary Income	87.2	62.6	-24.6	63.0	-0.4
Net Income Attributable to Owners of the Parent	59.2	41.5	-17.6	43.5	-2.0
Dividend per Share (Yen)	46	47	+1	47	0

\* Amortization based on provisional goodwill retroactively revised after determining the intangible assets of SEKISUI AEROSPACE CORPORATION in the 3Q of FY2020, which is included in the HPP Company (¥0.2 billion upward revision of FY2019 operating income).

# FY2020 Results: Net Sales and Operating Income by Divisional Company

- Substantial decline in profit in each segment due to the significant impact of COVID-19
- While the HPP Company was in line with plans, other segments fell slightly short of operating income plans

(Billions of yen)	FY2019		FY2020		Difference		FY2020 Forecasts (Jan.)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	322.4	37.4	309.9	28.9	-12.6	-8.4	304.2	28.9	+5.7	0
Housing	512.9	37.8	485.3	30.5	-27.7	-7.3	489.0	31.0	-3.7	-0.5
UIEP	237.4	15.5	204.6	11.3	-32.8	-4.2	206.2	12.5	-1.6	-1.2
Medical	72.6	9.2	72.3	7.0	-0.2	-2.2	73.2	8.9	-0.9	-1.9
Other	5.0	-9.7	3.6	-8.8	-1.4	+1.0	4.1	-9.4	-0.5	+0.7
Eliminations or Unallocatable Accounts	-21.0	-2.2	-19.1	-1.7	+1.9	+0.5	-19.3	-1.9	+0.2	+0.2
Total	1,129.3	88.0	1,056.6	67.3	-72.7	-20.7	1,057.4	70.0	-0.8	-2.7

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

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

## ■ Despite a substantial decrease in profit in the 1H, recovery to essentially the same level as the previous year in the 2H

- HPP: Turnaround to increases in sales and profit in the 2H mainly in the Electronics and Mobility fields
- Housing: Decrease in profit narrowed in the 2H owing to the recovery in orders from the 2Q and progress in reducing costs and fortifying the business structure
- UIEP: Despite a decrease in profit due to the delayed recovery in domestic demand, overseas lockdowns, and the slowdown in aircraft sheet demand, this decrease narrowed in the 2H
- Medical: Recovery to the same level as the previous year in the 2H due to increased sales of COVID-19 diagnostic kits as well as new pharmaceutical ingredients and reductions in costs

(Billions of yen)	1H FY2019		1H FY2020		Difference		2H FY2019		2H FY2020		Difference	
	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	160.4	19.7	139.1	9.2	-21.3	-10.6	162.0	17.6	170.8	19.8	+8.8	+2.1
Housing	256.9	18.6	230.6	13.0	-26.3	-5.6	256.0	19.2	254.6	17.5	-1.4	-1.7
UIEP	113.2	5.4	96.2	2.5	-17.0	-2.9	124.1	10.0	108.4	8.7	-15.7	-1.3
Medical	34.3	4.4	31.9	2.5	-2.4	-1.9	38.3	4.8	40.4	4.5	+2.1	-0.3
Other	2.4	-5.3	1.5	-4.2	-0.9	+1.2	2.6	-4.4	2.1	-4.6	-0.5	-0.2
Eliminations or Unallocatable Accounts	-10.7	-1.4	-9.3	-0.6	+1.5	+0.7	-10.3	-0.8	-9.9	-1.1	+0.5	-0.3
Total	556.5	41.5	490.0	22.4	-66.5	-19.1	572.7	46.5	566.5	44.9	-6.2	-1.6



# FY2021 Plan

Forex Rate	FY2020		FY2021	
	1H	2H	1H	2H
Assumptions	¥109/US\$ ¥121/€	¥105/US\$ ¥126/€	¥105/US\$ ¥127/€	¥105/US\$ ¥127/€
Results (Avg. rate for each term)	¥107/US\$ ¥121/€	¥105/US\$ ¥126/€	-	-

## Overview of FY2021 Plan

- Substantial increases in net sales and each level of profit; recovery in operating income to the same level as FY2019
- Dividend per share of ¥49, up ¥2 (twelfth consecutive FY of dividend increase)
- Establish a limit for the acquisition of treasury stock (maximum: 5 million shares / ¥10 billion)

(Billions of yen)	FY2020	FY2021 Plan	Difference
Net Sales	1,056.6	1,132.6	+76.0
Operating Income	67.3	86.0	+18.7
Ordinary Income	62.6	86.0	+23.4
Net Income Attributable to Owners of the Parent	41.5	60.0	+18.5
Dividend per Share (Yen)	47	49	+2

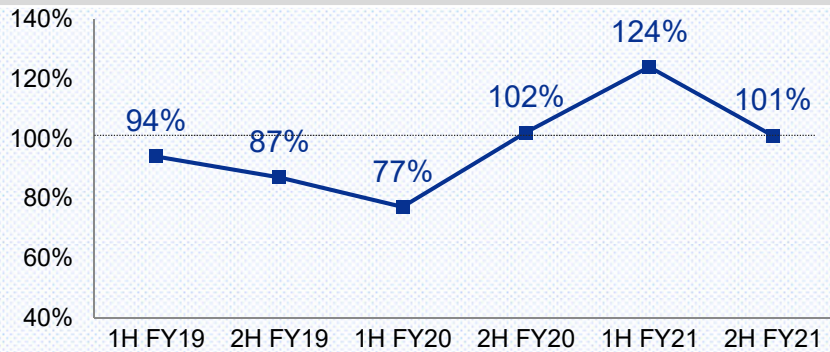


# Outlook for Market Conditions

- Automobile recovery trend expected to continue; smartphone trends projected to be firm; forecast modest recovery in domestic demand

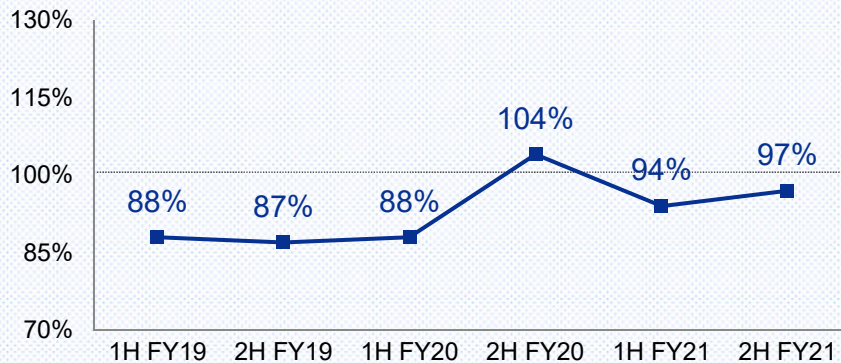
## Number of Automobiles Manufactured (YoY)

Sharp recovery from the 2H of FY2020; while this recovery trend is expected to continue in FY2021, risk of a downturn in automobile production due to the cold wave to hit North America and shortage in semiconductor supply



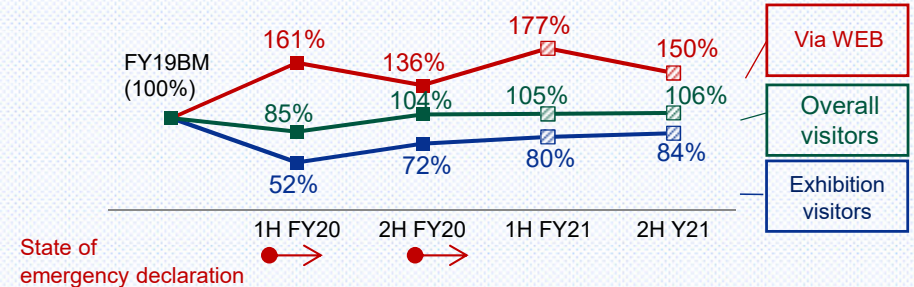
## Smartphone Shipments (YoY)

Trends projected to be relatively firm in FY2021 due to a variety of factors including growth in 5G demand



## Housing - Visitors

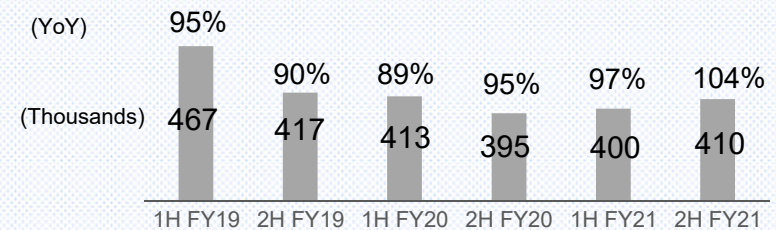
Visitors projected to gradually recover; anticipating a continued increase in the number of WEB visitors



## New Housing Starts

Full-fledged recovery expected from FY2022

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



## Domestic Naphtha Price Assumptions



## FY2021 Plan: Net Sales and Operating Income by Divisional Company

■ Substantial increases in sales and profit in each segment owing to a certain extent of recovery in market conditions as well as high-value-added business and product expansion

- HPP: Substantial increases in sales and profit mainly in the three strategic fields
- Housing: Substantial increases in sales and profit owing to such factors as upswings in new housing sales as well as renovation marginal profit and contributions from the Town and Community Development Business
- UIEP: Substantial increase in profit on the back of an upswing in prioritized product and overseas sales expansion
- Medical: Substantial increases in sales and profit mainly through new product sales growth and diagnostic kits (Diagnostics (overseas))
- Other, Eliminations or Unallocatable Accounts: Promote biorefinery commercialization, DX investment, and strengthen efforts toward M&A

(Billions of yen)	FY2020		FY2021 Plan		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	309.9	28.9	333.3	38.0	+23.4	+9.1
Housing	485.3	30.5	525.0	37.0	+39.7	+6.5
UIEP	204.6	11.3	207.6	15.0	+3.0	+3.7
Medical	72.3	7.0	80.0	10.0	+7.7	+3.0
Other	3.6	-8.8	6.8	-10.4	+3.2	-1.7
Eliminations or Unallocatable Accounts	-19.1	-1.7	-20.1	-3.6	-1.0	-1.9
Total	1,056.6	67.3	1,132.6	86.0	+76.0	+18.7

# 1H & 2H FY2021: Net Sales and Operating Income by Divisional Company

- Substantial increases in profit in both the 1H and 2H; recovery in domestic demand over the 2H

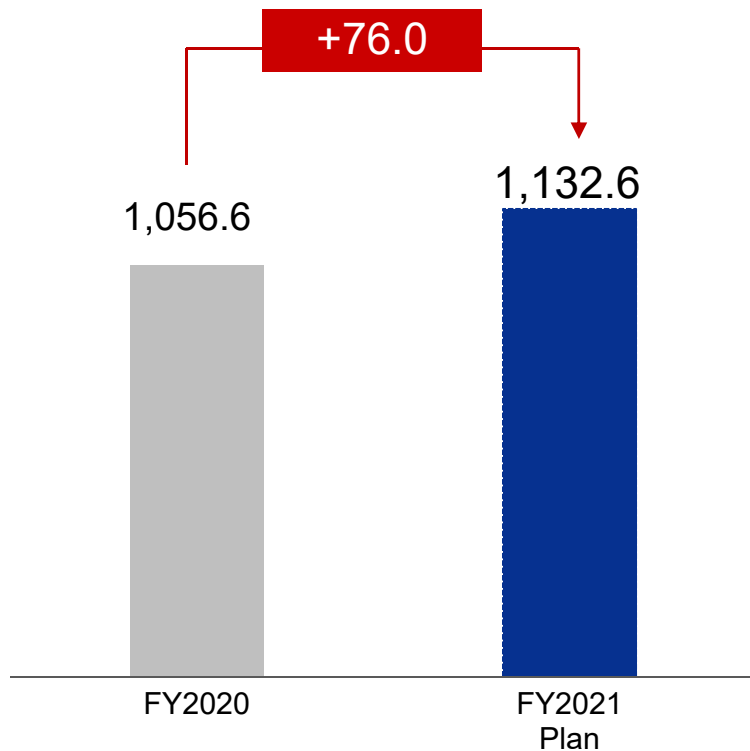
(Billions of yen)	1H FY2020		1H FY2021 Plan		Difference		2H FY2020		2H FY2021 Plan		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	139.1	9.2	162.1	16.1	+23.0	+6.9	170.8	19.8	171.2	21.9	+0.4	+2.1
Housing	230.6	13.0	254.0	14.5	+23.4	+1.5	254.6	17.5	271.0	22.5	+16.4	+5.0
UIEP	96.2	2.5	93.7	3.3	-2.5	+0.7	108.4	8.7	113.8	11.8	+5.4	+3.0
Medical	31.9	2.5	37.4	4.4	+5.5	+1.9	40.4	4.5	42.6	5.6	+2.2	+1.1
Other	1.5	-4.2	2.5	-5.0	+1.0	-0.8	2.1	-4.6	4.3	-5.4	+2.2	-0.8
Eliminations or Unallocatable Accounts	-9.3	-0.6	-10.0	-1.6	-0.7	-1.0	-9.9	-1.1	-10.0	-2.0	-0.1	-0.9
Total	490.0	22.4	539.7	31.7	+49.7	+9.3	566.5	44.9	592.9	54.4	+26.4	+9.5

# FY2021 Plan: Analysis

- Substantial increases in sales volumes and product mix mainly due to a certain extent of recovery in market conditions as well as increased sales of high-value-added products
- Reduce the impact of high raw material costs through cost reductions; fixed costs focused on growth investments with structural reforms to continue

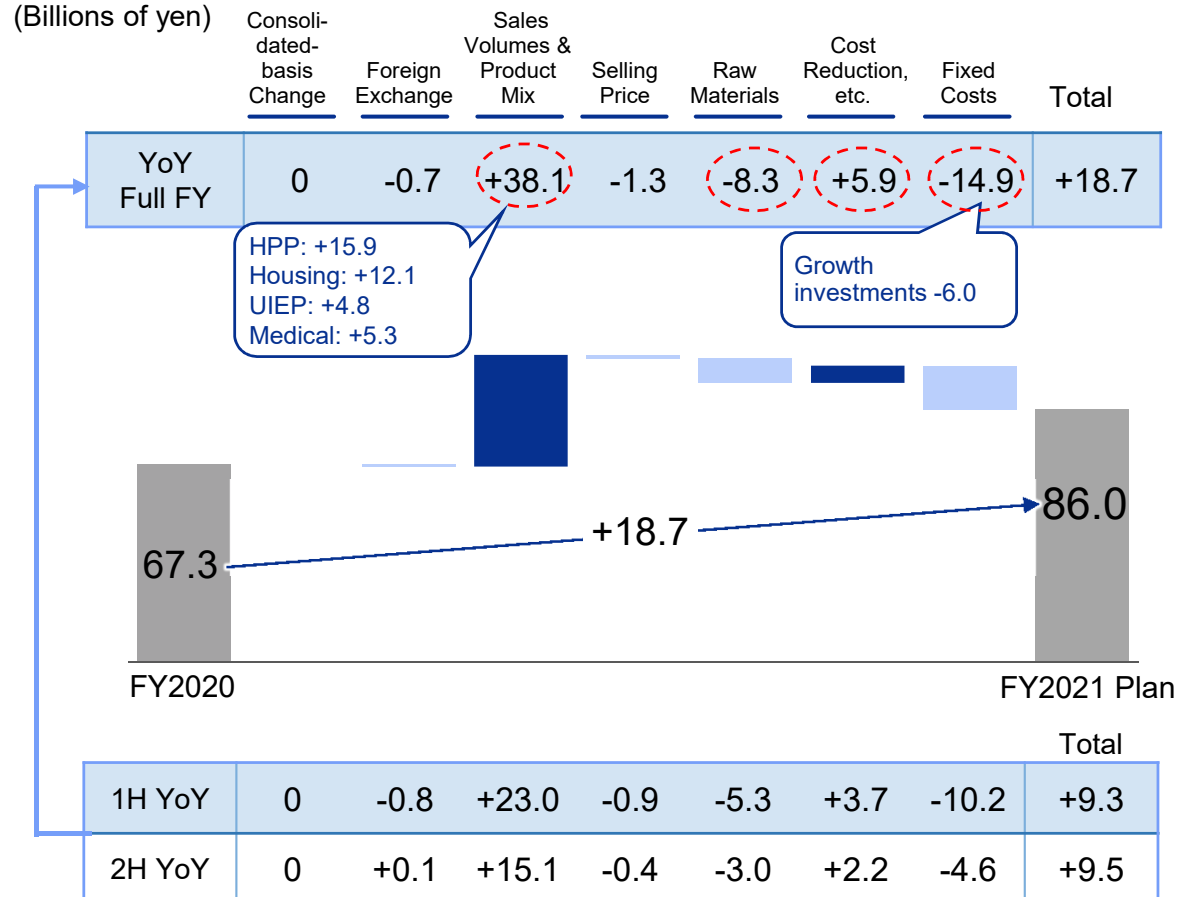
## Net Sales

(Billions of yen)



## Analysis of Operating Income

(Billions of yen)



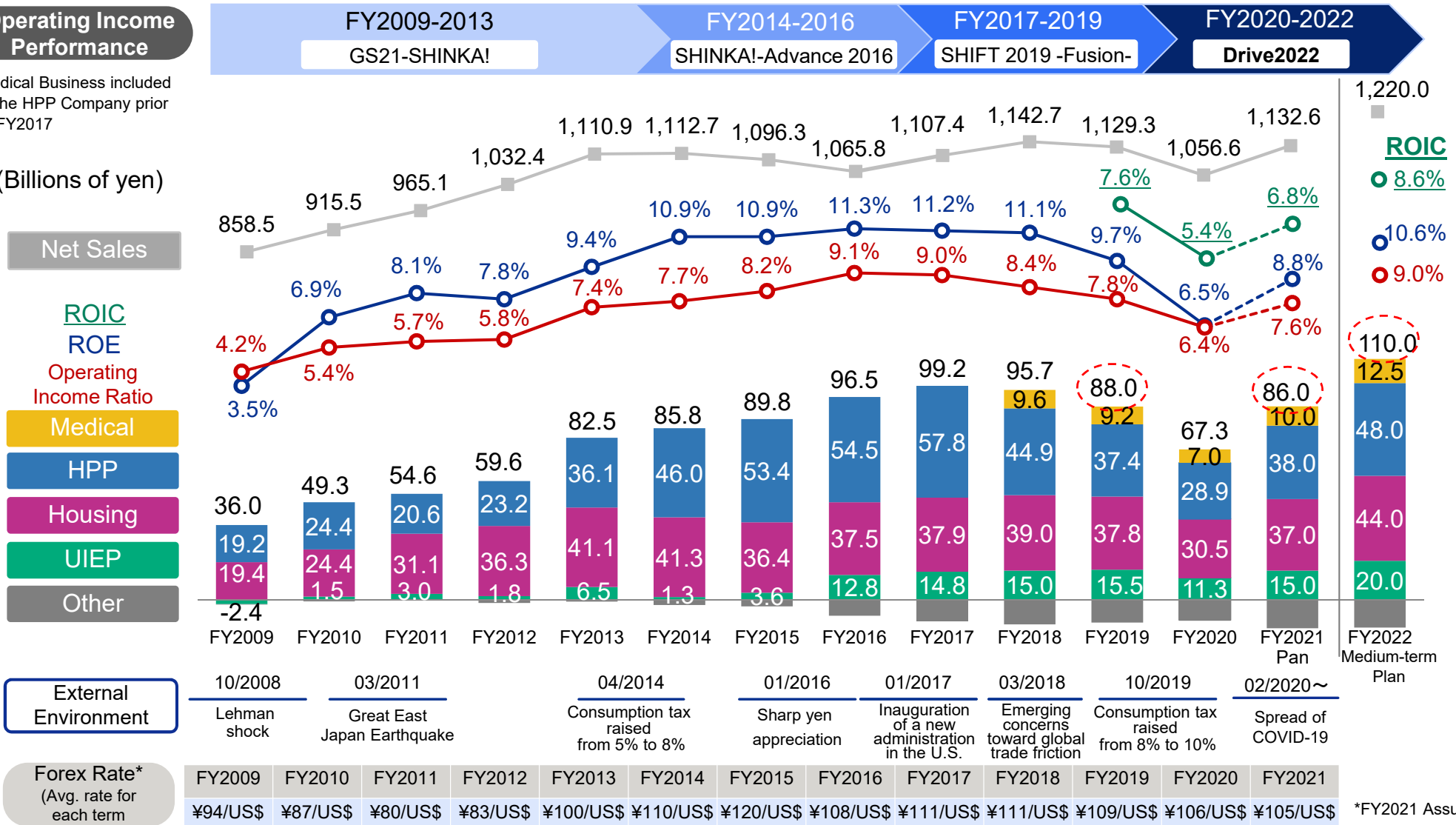
# Progress under the Medium-term Management Plan, **Drive 2022**

■ Restore operating income to the same level as FY2019 while paving the way to achieve the FY2022 Medium-term Management Plan in FY2021

## Operating Income Performance

\*Medical Business included in the HPP Company prior to FY2017

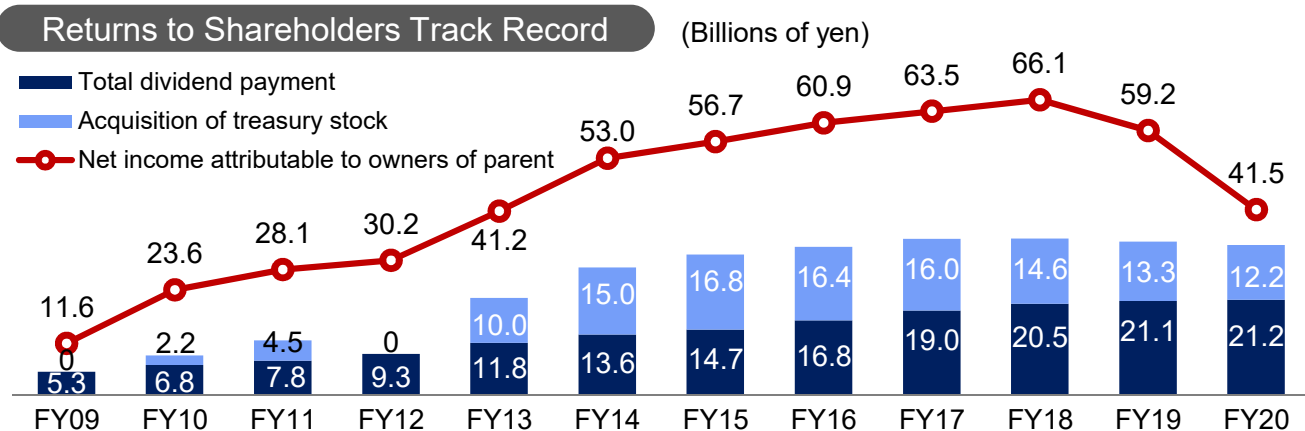
(Billions of yen)



\*FY2021 Assumptions

# Drive 2022 Returns to Shareholders

■ Also continue to actively provide returns to shareholders in FY2021



	Previous Medium-term Plan	FY2020-FY2022
Dividends payout ratio	30% target	35% or higher
DOE	Around 3%	3% or higher
Total return ratio	-	50% or higher if the D/E ratio is less than 0.5
Retirement of Treasury Stock	-	Retire newly acquired treasury stock to a level equivalent to less than 5% of the total number of shares issued and outstanding

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Plan)
Net income attributable to owners of the parent per share (yen)	22.1	44.9	54.0	58.5	80.1	104.7	115.1	126.1	133.8	141.7	128.8	91.9	133.7
Cash dividends per share (yen)	10	13	15	18	23	27	30	35	40	44	46	47	49
Dividends payout ratio	45.2%	28.9%	27.8%	30.8%	28.7%	25.8%	26.1%	27.7%	29.9%	31.0%	35.7%	51.1%	36.7%
Acquisition of treasury stock (billions of yen)	0	2.2	4.5	0	10.0	15.0	16.8	16.4	16.0	14.6	13.3	12.2	10.0
Total return ratio*	45.2%	38.2%	43.7%	30.8%	52.9%	54.0%	55.5%	54.5%	55.1%	53.0%	58.1%	80.4%	53.1%
DOE*	1.6%	2.0%	2.3%	2.4%	2.7%	2.8%	2.8%	3.1%	3.3%	3.4%	3.5%	3.3%	3.2%
Retirement of Treasury Stock (thousand of shares)	-	-	-	7,000	-	12,000	10,000	-	10,000	8,000	8,000	8,000	5,000

\*Total return ratio=(Amount of treasury stock acquired + Total dividends)/Net income attributable to owners of parent

\*DOE=Total dividend payment (full year)/Average equity

- Set key issues and numerical targets to ensure management's ability to sustain business as identified under the Long-term Vision

## Key ESG Management Issues, KPIs, and Quantitative Targets

Key Issues		KPI	FY2020 Results	FY2022 Targets
Products to enhance sustainability and Premium Framing		Products to enhance sustainability and Premium Framework sales	¥636.4 billion Including Premium Framework sales of ¥312.0 billion	¥800 billion Including Premium Framework sales of ¥440 billion
Internal controls (Reduce serious incidents)	Prevent damage to corporate value attributable to serious incidents	Number of serious incidents in 5 categories	0	0
Internal controls (BCP)	Minimize the impact of serious incidents including earthquakes and pandemics	BCP establishment rate	143 organizations selected in Japan and overseas	100%
DX	Position as a driver of work process and business model reform	Sales per direct/indirect employee	NA	FY2030: Increases in indirect and direct productivity of 40% and 15%, respectively (compared with FY2019)
Environment	Contribute to resolving climate change issues	Renewable energy utilization ratio	7.2%	20%
Human resources	Aim to be a company that is distinguished by its excellence, energy, and enthusiasm where employees want to take on challenges	Degree to which employees are willing to take on a challenge	NA	Qualitative management of initiative progress
Fusion	Promote the internal and external fusion of technologies and business opportunities	Incremental sales attributable to fusion	+¥12.4 billion (compared with FY2019)	+¥50.0 billion (compared with FY2019)

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## Financial Results for FY2020

**Tatsuya Nishida**

Executive Officer  
Head of Corporate Finance &  
Accounting Department

# Consolidated Companies

## Number of Consolidated Companies

	Mar. 31, 2020	Mar. 31, 2021	Difference
Consolidated Subsidiaries	163	161	Increased: 2 Subsidiaries* <sup>1</sup> Decreased: 4 Subsidiaries* <sup>2</sup>
Affiliates (Equity Method)	8	8	Increased: 0 Subsidiaries Decreased: 0 Subsidiaries

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

\*2 SEKISUI PIPE RENEWAL B.V., Sekisui Alveo Representative Ltda., Sekisui Alveo Ltd., PT.SEKISUI TECHNO MOLDING INDONESIA

## Impact of Change in the Number of Consolidated Companies

(Billions of yen)	FY2020 (YoY)	Difference
Net Sales	-2.9	SEKISUI AEROSPACE CORPORATION* <sup>3</sup> SEKISUI HINOMARU CO., LTD. (partial business transfer)* <sup>4</sup> , other
Operating Income	-6.0	

\*3 Newly consolidated from 4Q FY2019

\*4 Partial business transfer during the 2Q of FY2020

# Summary of Profit and Loss

(Billions of yen)	FY2019	FY2020	Difference	
Net Sales	1,129.3	1,056.6	-72.7	
Gross Profit	362.7	330.4	-32.3	
Gross Profit Margin	32.1%	31.3%	-0.8%	
Selling, Gen. and Admin. Expenses	274.7	263.1	-11.6	
Operating Income	88.0	67.3	-20.7	Gain on sales of land: +3.1
Equity in Earnings of Affiliates	2.9	2.8	-0.1	
Other Non-operating Income and Expenses	-3.7	-7.4	-3.7	Gain on sale of shares: +2.3
Ordinary Income	87.2	62.6	-24.6	
Extraordinary Income	6.9	5.4	-1.5	
Extraordinary Loss	10.3	4.9	-5.5	SEKISUI AEROSPACE CORPORATION impairment of intangible assets: +1.7
Income before Income Taxes	83.8	63.2	-20.6	
Corporate Income Tax, etc.	22.6	19.9	-2.7	
Net Income Attributable to Non-controlling Interests	2.0	1.7	-0.3	
Net Income Attributable to Owners of the Parent	59.2	41.5	-17.6	
Foreign Exchange (Avg. rate)				
1US\$	109 yen	106 yen		
1€	121 yen	124 yen		

# Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2020	Mar. 31, 2021	Difference
Cash and Deposits	76.8	87.5	+10.6
Account Receivable on Sales	174.1	170.6	-3.5
Inventories	217.2	222.9	+5.7
Other Current Assets	23.7	24.6	+0.8
Tangible Non-current Assets	337.3	351.4	+14.1
Intangible Non-current Assets	104.5	97.6	-6.8
Investments in Securities	140.9	174.7	+33.8
Investments & Other Assets	31.3	20.9	-10.4
<b>Total Assets</b>	<b>1,105.8</b>	<b>1,150.1</b>	<b>+44.4</b>

Inventories (B/S item)	Mar. 31, 2021	YoY
Ready-built housing (products)	27.3	+10.3
Prepared land for subdivision housing	58.8	+8.2
Land under preparation (work in process)	14.4	-0.6
Housing under construction (work in process)	23.3	-3.8
Components, other (raw materials)	3.6	-0.3
<b>Housing Total</b>	<b>127.4</b>	<b>+13.8</b>
Non-residential total (products, other)	95.5	-8.1
<b>Inventories Total</b>	<b>222.9</b>	<b>+5.7</b>

Capital investment: +52.4  
Depreciation and amortization: -38.3

At fair value: +32.3

Foreign exchange:  
▶ +22.4  
Actual basis: +22.4

## Balance Sheets (Liabilities & Net Assets)

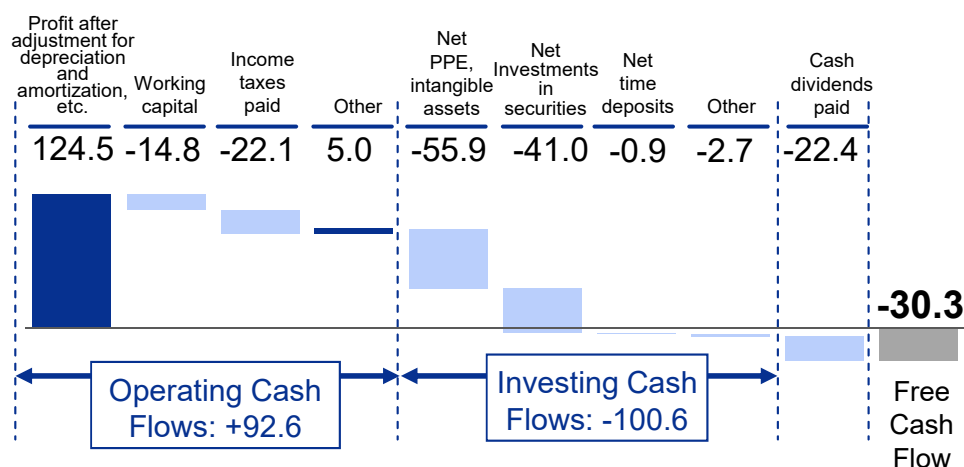
(Billions of yen)	Mar. 31, 2020	Mar. 31, 2021	Difference	
Non-interest-bearing Liabilities	353.9	317.6	-36.3	
Interest-bearing Liabilities	117.7	138.2	+20.5	
(Net interest-bearing Liabilities)	(40.8)	(50.7)	(+9.9)	
Total Liabilities	471.6	455.8	-15.8	
Capital Stock etc.	209.3	209.0	-0.3	
Retained Earnings	433.3	441.1	+7.8	Net income +41.5
Treasury Stock	-44.1	-43.4	+0.7	Dividends paid -21.0
Unrealized Holding Gain on Securities	27.5	50.8	+23.3	Retirement of treasury stock -12.7
Non-controlling Interests	24.9	27.3	+2.4	
Other Net Assets	-16.5	9.6	+26.1	Purchases of treasury stock -12.2
Total Net Assets	634.2	694.4	+60.2	Retirement of treasury stock +12.7
Total Liabilities, Net Assets	1,105.8	1,150.1	+44.4	Translation adjustments +15.1
ROIC	7.6%	5.4%	-2.2%	Accumulated retirement benefits adjustments +11.1
ROE	9.7%	6.5%	-3.3%	
Equity to Total Assets (%)	55.1%	58.0%	+2.9%	
D/E Ratio (Net)	0.07	0.08	+0.01	

# Consolidated Cash Flows

(Billions of yen)	FY2019	FY2020
Operating Cash Flows	92.6	75.3
Investing Cash Flows	-100.6	-58.5
Financing Cash Flows	15.5	-19.2
Net Increase in Cash and Cash Equivalents	4.5	1.8
Cash and Cash Equivalents at the End of Term	74.7	76.6
Free Cash Flow =Operating Cash Flows + Investing Cash Flows - Dividends Paid	-30.3	-5.4

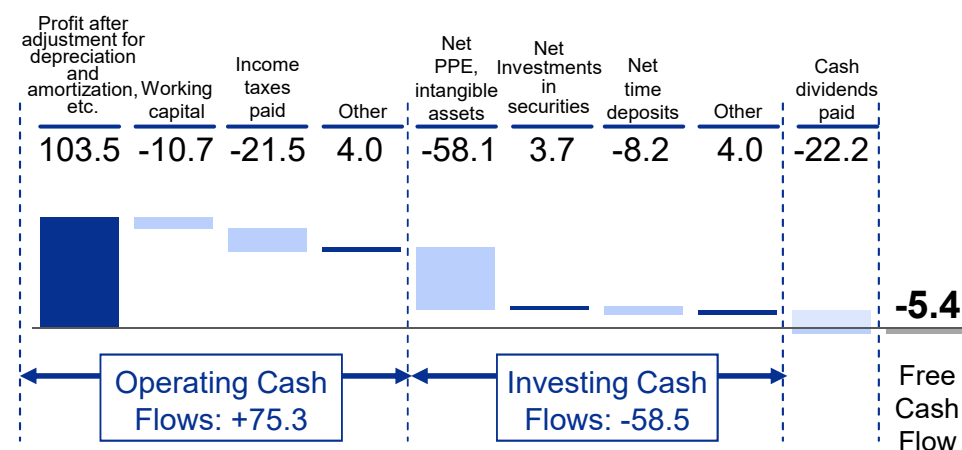
FY2019 Free Cash Flow

(Billions of yen)



FY2020 Free Cash Flow

(Billions of yen)



# Depreciation and Amortization, Capital Expenditures, EBITDA

(Billions of yen)	Depreciation <sup>*1</sup>			Goodwill and Other Amortization <sup>*2</sup>			Capital Expenditures			EBITDA <sup>*3</sup>		
	FY2019	FY2020	Difference	FY2019	FY2020	Difference	FY2019	FY2020	Difference	FY2019	FY2020	Difference
Housing	9.4	9.7	+0.2	0.1	0	-0.1	15.0	13.8	-1.2	47.4	40.2	-7.1
UIEP	7.8	8.7	+0.9	0.1	0	-0.1	13.6	14.1	+0.5	23.4	19.9	-3.4
HPP	16.6	17.7	+1.1	2.4	4.5	+2.1	26.7	16.5	-10.2	56.4	51.1	-5.3
Medical	3.4	3.8	+0.4	2.1	1.9	-0.2	4.6	4.6	-0.1	14.7	12.7	-2.0
Other	2.0	2.2	+0.2	0	0	0	4.9	4.6	-0.3	-7.7	-6.5	+1.2
Eliminations or Unallocatable Accounts	1.3	0.9	-0.4	-	-	-	2.0	1.8	-0.2	-0.9	-0.8	0.1
Total	40.6	42.9	+2.4	4.7	6.4	+1.7	66.8	55.3	-11.4	133.2	116.6	-16.6

\*1 Depreciation does not include amortization of M&A intangible assets

\*2 Goodwill and Other Amortization = Goodwill amortization + Amortization of M&A intangible assets

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

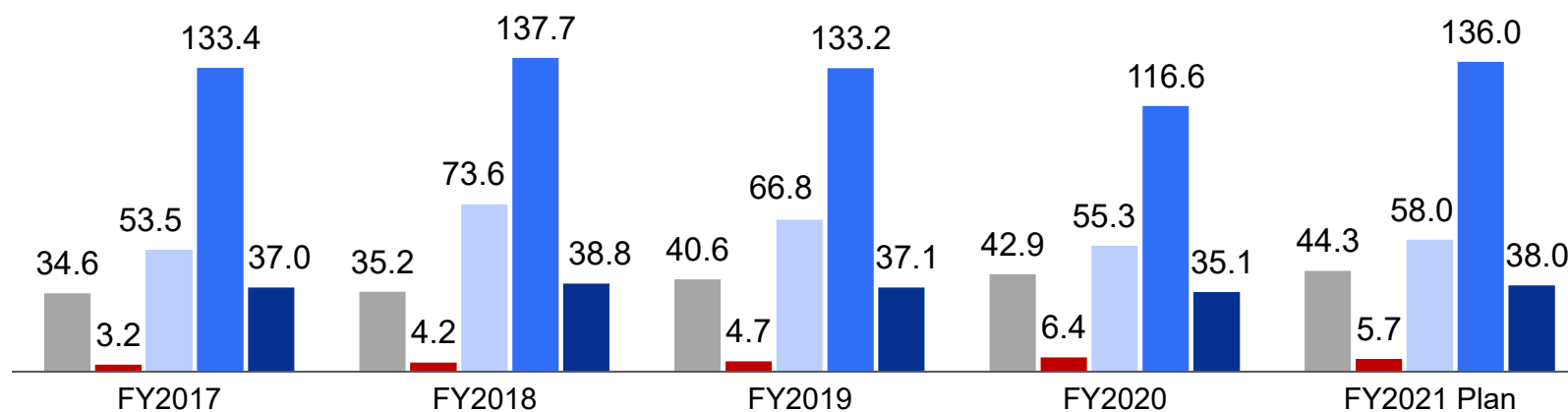
## Depreciation and Amortization, Capital Expenditures, Research and Development Expenditure

(Billions of yen)	FY2020	FY2021 Plan	Difference
Depreciation	42.9	44.3	+1.4
Goodwill and Other Amortization	6.4	5.7	-0.7
Capital Expenditures	55.3	58.0	+2.7
EBITDA	116.6	136.0	+19.4
Research and Development Expenditure	35.1	38.0	+2.9

### Depreciation and Amortization, Capital Expenditures, Research and Development Expenditure

(Billions of yen)

■ Depreciation   
 ■ Goodwill and Other Amortization   
 ■ Capital Expenditures   
 ■ EBITDA   
 ■ Research and Development





## Overview of FY2021 Plan and Returns to Shareholders

(Billions of yen)	FY2020	FY2021 (Plan)	Difference
Net Sales	1,056.6	1,132.6	+76.1
Operating Income	67.3	86.0	+18.7
Ordinary Income	62.6	86.0	+23.4
Net Income Attributable to Owners of the Parent	41.5	60.0	+18.5
Dividend per Share (Yen)	47	49	+2
Dividend Payout Ratio	51.1%	36.7%	-14.4%
Acquisition of Treasury Stock (Thousands of Shares)	8,000	5,000	-3,000
Total Return Ratio*	80.4%	53.1%	-27.3%
DOE*	3.3%	3.2%	-0.1%
Retirement of Treasury Stock (Thousands of Shares)	8,000	5,000	-3,000

\*Total return ratio=(Amount of treasury stock acquired + Total dividends)/Net income attributable to owners of parent

\*DOE=Total dividend payment (full year)/Average equity

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High Performance Plastics  
Company

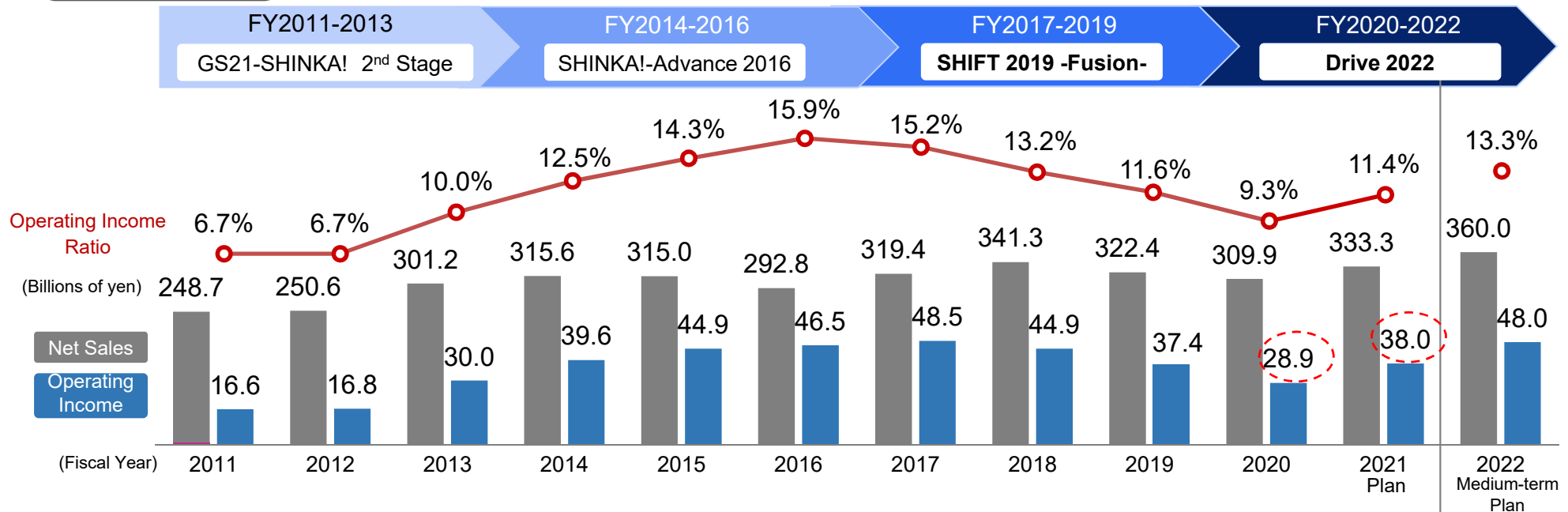
Ikusuke Shimizu

Company President

# Performance Trends

- FY2020: Despite a substantial decrease in profit owing to the impact of COVID-19, return to increases in sales and profit in the 2H; also progress in improving the profit structure
- FY2021: Recovery to profit levels in excess of FY2019 owing to a positive turnaround in market conditions and successful efforts to realize the effects of growth investments

## Performance Trends



Foreign Exchange Rate	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
¥80/US\$	¥80/US\$	¥83/US\$	¥100/US\$	¥110/US\$	¥120/US\$	¥108/US\$	¥113/US\$	¥111/US\$	¥109/US\$	¥106/US\$	¥105/US\$	¥106/US\$
*Avg. rate for each fiscal year	¥111/€	¥107/€	¥134/€	¥139/€	¥133/€	¥119/€	¥121/€	¥128/€	¥121/€	¥124/€	¥127/€	¥118/€

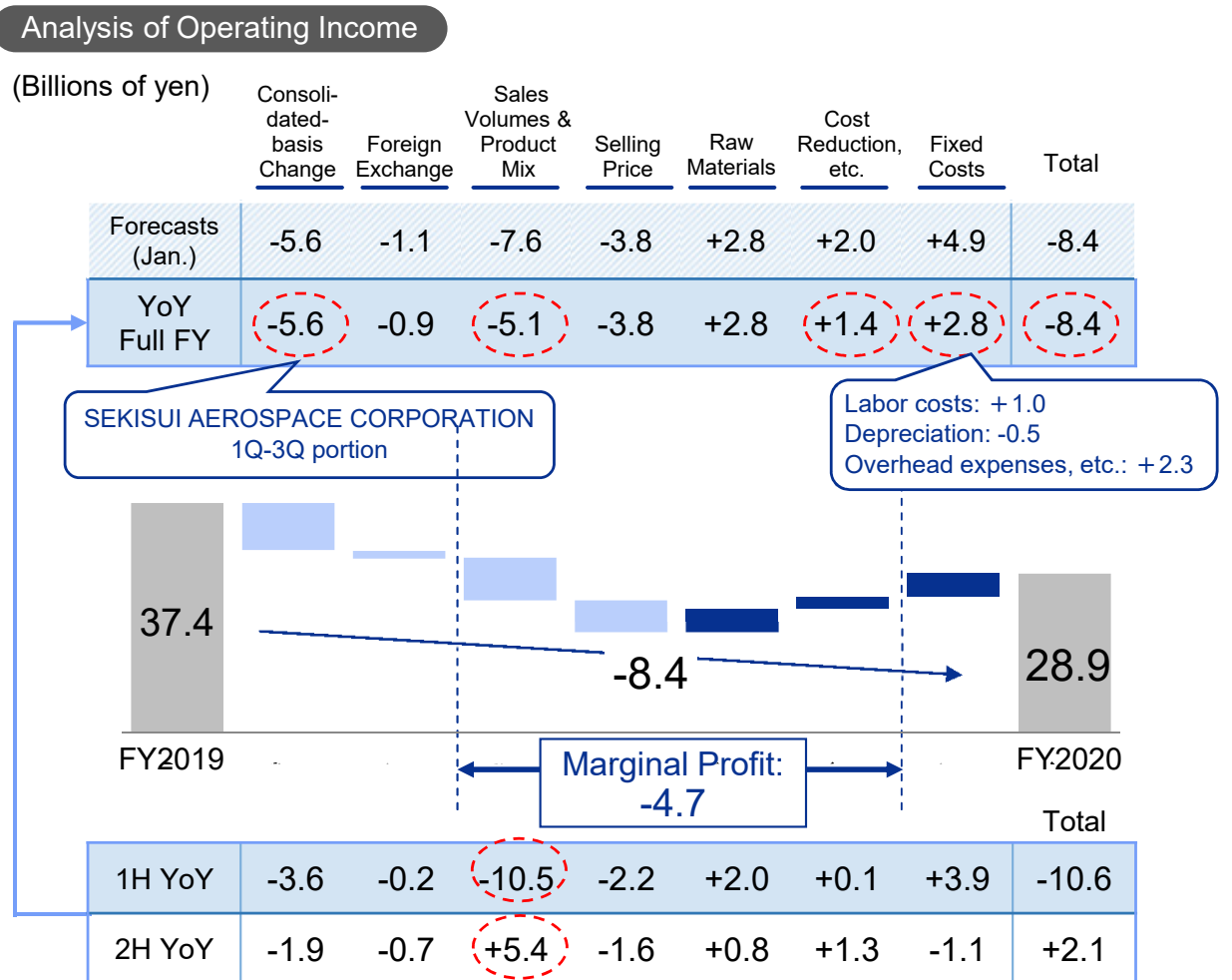
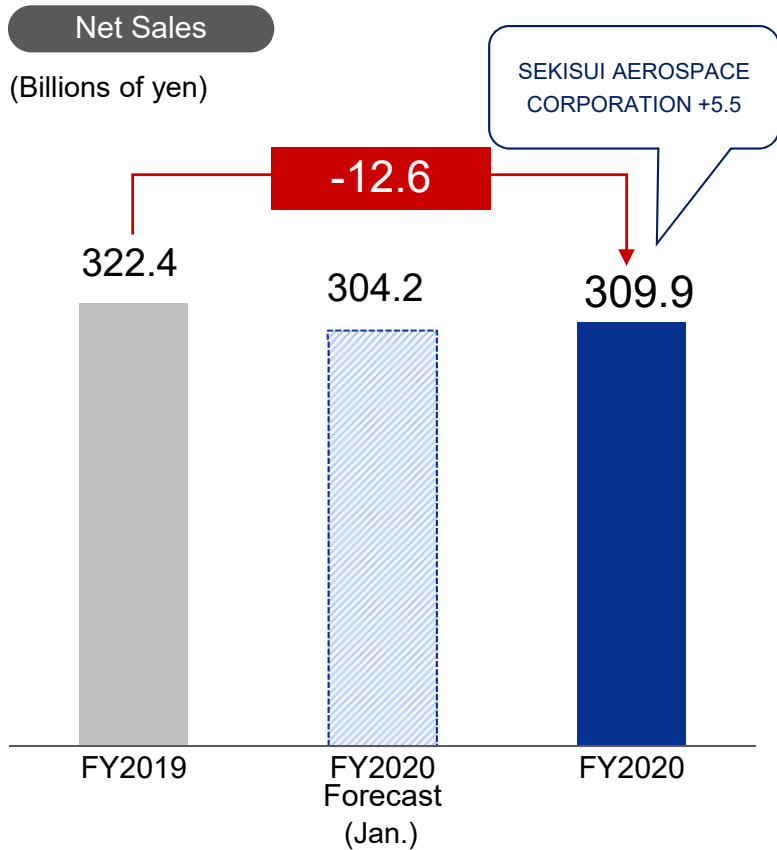
### Main M&As and Strategic Investments

- 06/2015: Started operations at the Thai CPVC factory
- 09/2017: Polymatech Japan
- 12/2017: Started operations at a new interlayer film production line (Mexico)
- 12/2017: SoflanWiz
- 04/2018: Operations commence at a new automotive exterior parts plant in Japan
- 2H 2019: Sekisui Aerospace Corporation
- 2018-2019: Start of operations at new foam plants in Thailand and China
- 2H FY2020: Start of operations at a new interlayer production line (Europe)

\*Assumptions for FY2021, FY2022

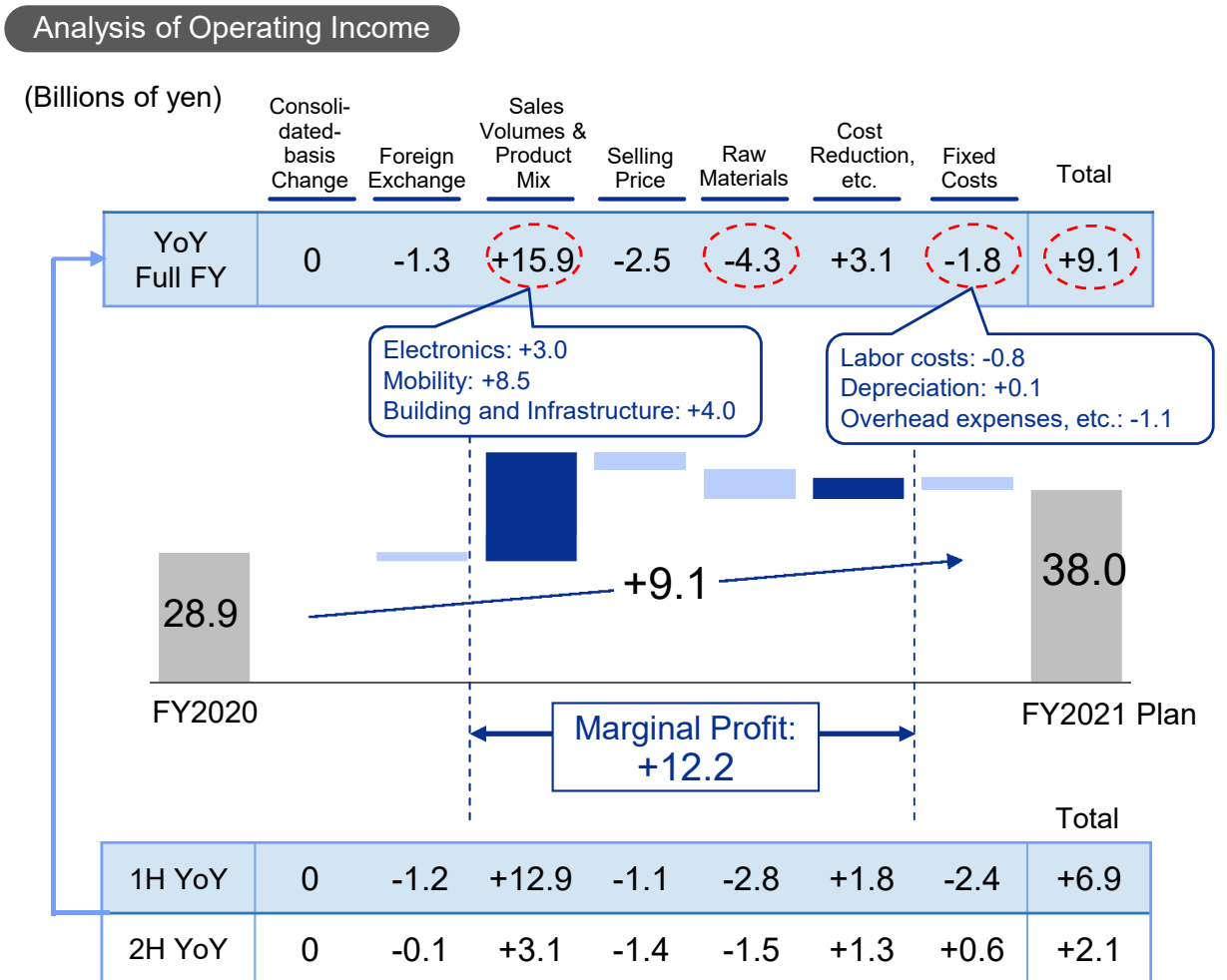
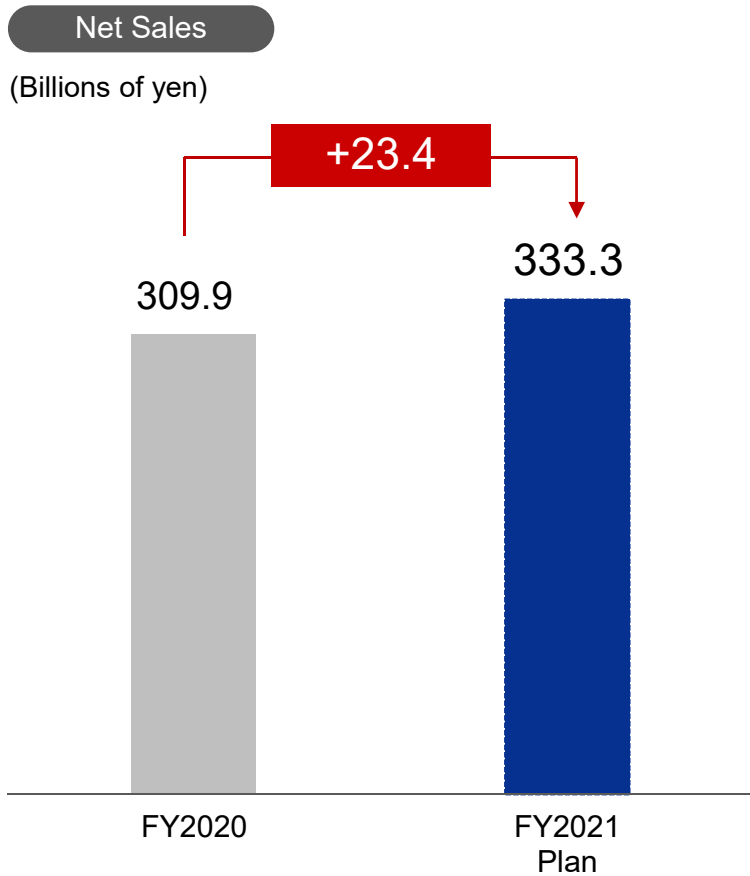
# FY2020 Results: Analysis

- Essentially offset decreases in sales volumes and product mix by reducing fixed and other costs; minimized the extent of profit decline excluding the impacts of consolidated-basis change and foreign exchange
- Despite substantial decreases in sales volume and product mix in the 1H, shifted to a YoY increase in the 2H



# Overview of FY2021 Plan

- Substantial increases in sales volumes and product mix mainly in the three strategic fields
- Minimize the impact of high raw material costs through other cost reductions; also control fixed costs to FY2019 levels; continue to implement cost innovation initiatives



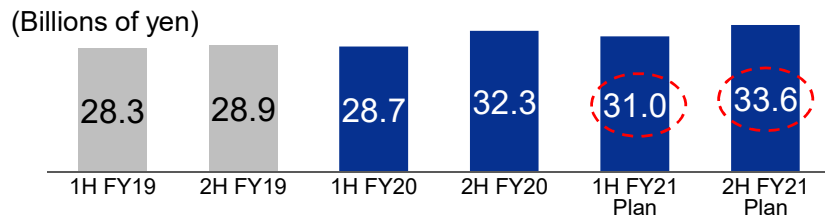
# Three Strategic Fields and Cost Innovation

■ Achieved an increase in sales in the Electronics and Mobility fields and a recovery to the same level as the previous year in the Building and Infrastructure filed in the 2H of FY2020; substantial increases in sales in each of the three strategic fields in FY2021

## Net Sales in the Three Strategic Fields

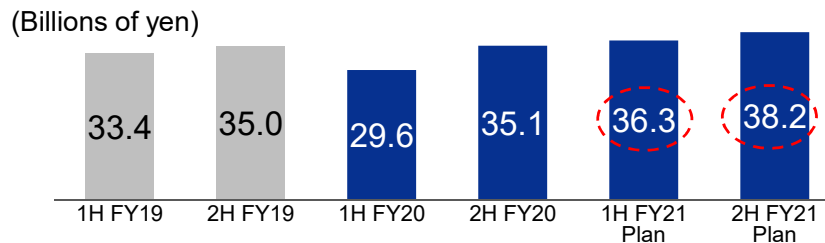
### Electronics

- FY2020: Substantial increase in sales owing to robust sales growth of products for the Non-LCD field
- FY2021: Continued increase in sales mainly in the Non-LCD field; despite growth in 5G demand, stagnant semiconductor production is a risk



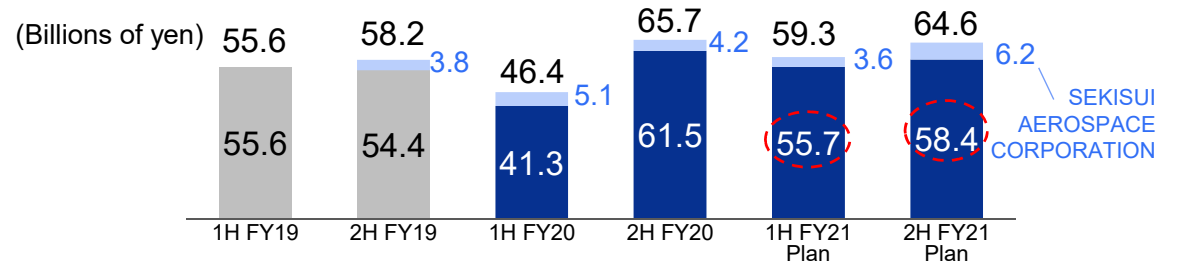
### Building and Infrastructure

- FY2020: Despite a substantial decrease in sales in the 1H, recovery to the same level as the previous year in the 2H
- FY2021: Despite a delay in the recovery of domestic demand, increase in sales on the back of a recovery trend in Europe and the U.S. as well as a positive turnaround in overseas CPVC demand



### Mobility

- FY2020: Despite a substantial decrease in sales in the 1H, return to increases in sales and profit driven by high-performance interlayer film sales
- FY2021: Continued increase driven mainly by high-performance interlayer film sales; risk of a downturn in automobile production due to the cold wave to hit North America and shortage in semiconductor supply
- Aircraft-related demand forecast to recover from the 2H of FY2021

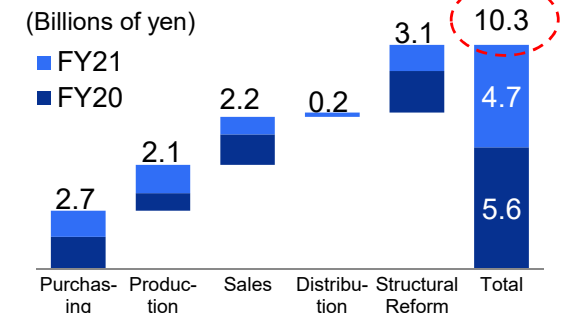


## Cost Innovation

- Looking to exceed the Medium-term Plan (FY2022: -¥8.0 billion\*1) by reforming the supply chain and business structure in advance
- Profit improvement of ¥4.6 billion\*2 in FY2021

- Reform the business structure (+¥1.2 bn)
- Work to reform the supply chain (+¥3.4 bn)
- ✓ Thoroughly review underperforming businesses
- ✓ Optimize purchasing
- ✓ Reorganize and optimize bases
- ✓ Improve productivity
- ✓ Reduce distribution costs

### Breakdown of Cost Innovation



\*1 FY2020-FY2022 cumulative total (BM: FY2019)  
\*2 Amount of improvement compared with FY2020

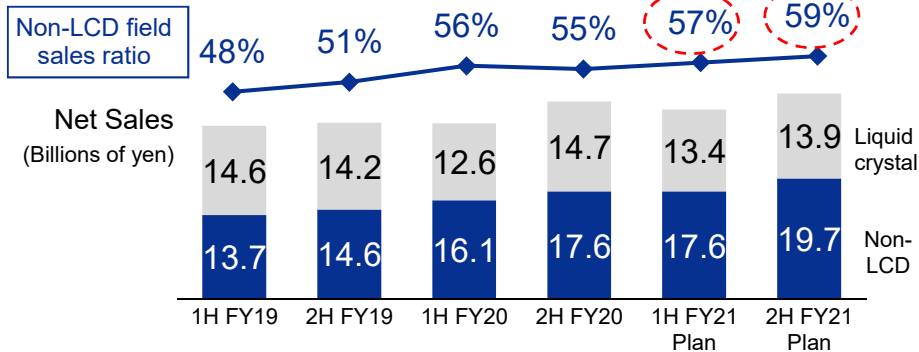
Strengthen measures aimed at generating growth while capturing the wave of medium- to long-term needs expansion in each of the three fields; also focus on fostering next-generation growth domains

## Progress of Growth Measures in the Three Fields

### Electronics

~ Focus on the Non-LCD field

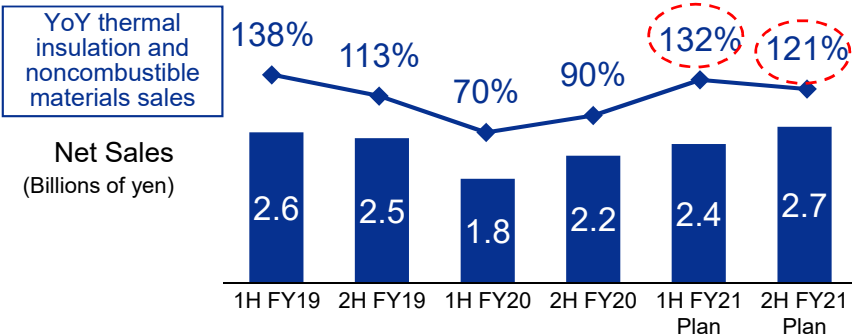
- Accelerating growth mainly in heat release and semiconductor materials
- Firm trends also in the liquid crystal field focusing on smartphones and PCs



### Building and Infrastructure

~ Thermal insulation and noncombustible material sales growth

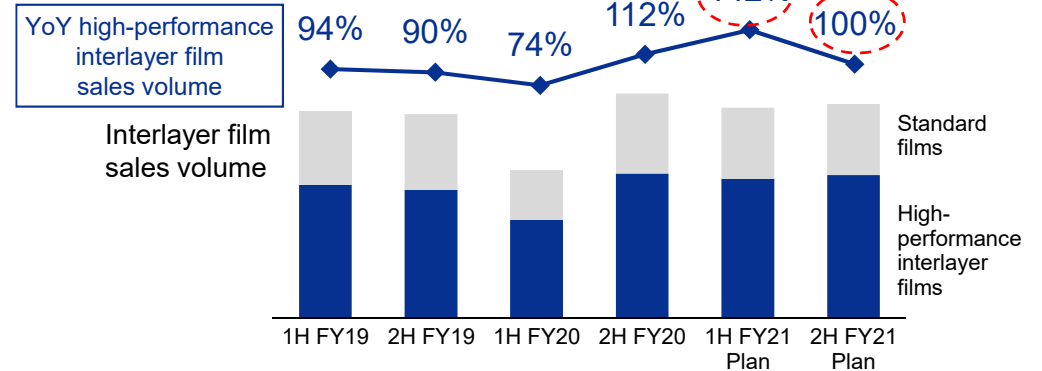
- Returning to a growth trajectory focusing mainly on non-flammable urethane and thermal insulation materials



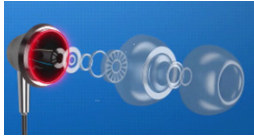
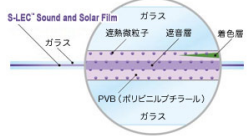


### Mobility

~ High-performance interlayer film sales growth

- Continued high sales growth of products for HUDs (more than 120% YoY); focusing on increasing combined function interlayer films



## Next-generation Growth Domains

Electronics	Mobility	Building and Infrastructure	Industrial Application
<ul style="list-style-type: none"> <li>Elastic adhesives</li> <li>Products for next-generation displays</li> </ul>	<ul style="list-style-type: none"> <li>Combined function interlayer films</li> <li>Higher performance products</li> </ul>	<ul style="list-style-type: none"> <li>Labor-saving materials</li> <li>Piezoelectric sensors</li> <li>Remote surveillance sensors</li> </ul>	<ul style="list-style-type: none"> <li>Health care and protective materials</li> </ul>
 <p>Elastic adhesive (for small part use)</p>	 <p>Sound acoustic and heat insulation film</p>	 <p>Remote surveillance sensor</p>	 <p>Antivirus spray</p>





Housing Company

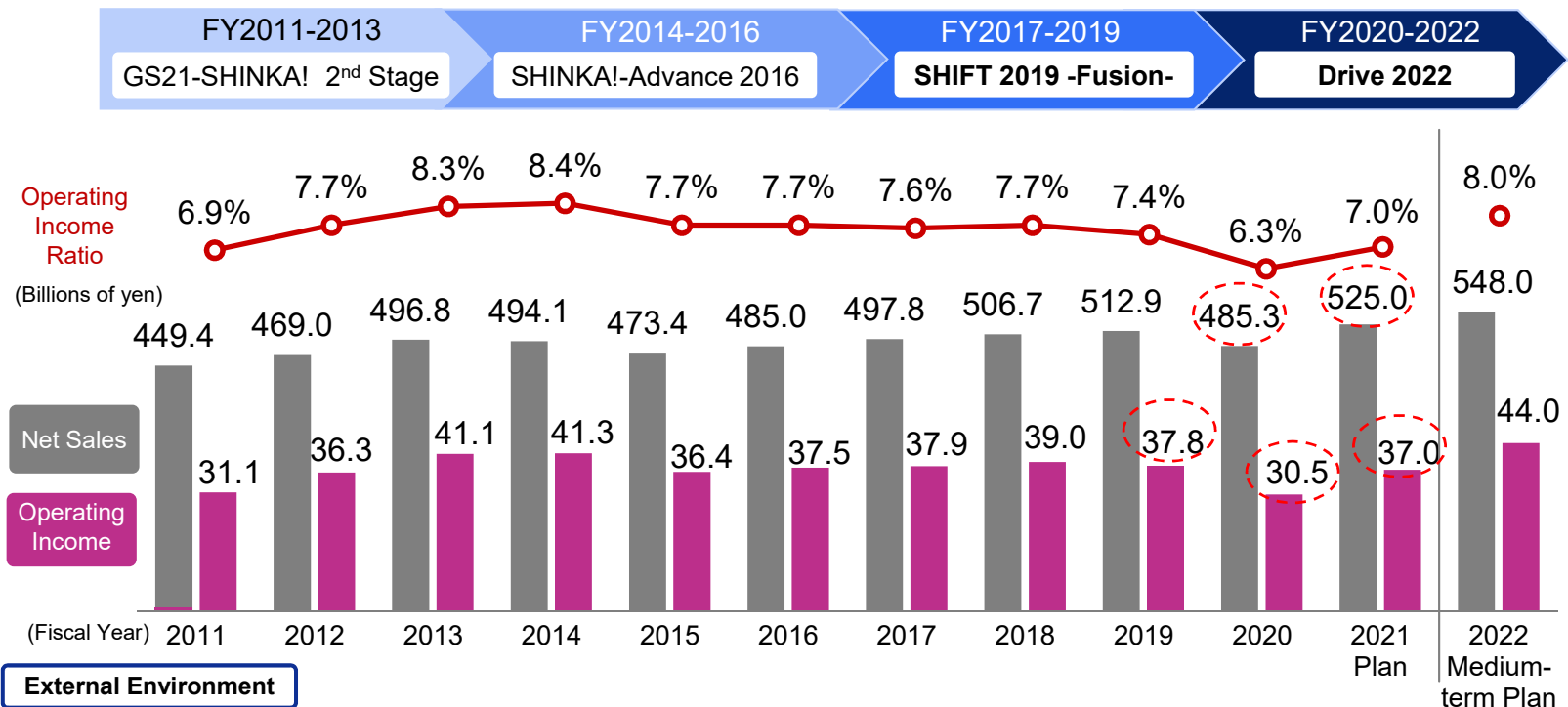
Toshiyuki Kamiyoshi

Company President

# Performance Trends

- FY2020:** Substantial decline in profit owing to the downturn in orders as a result of COVID-19; almost a full recovery in the 2H
  - Despite a substantial decline in new housing and renovation orders in the 1H, recovery to the same level as the previous year in the 2H
- FY2021:** Recovery in operating income to the same level as FY2019 due to the increase in sales; return to a growth trajectory

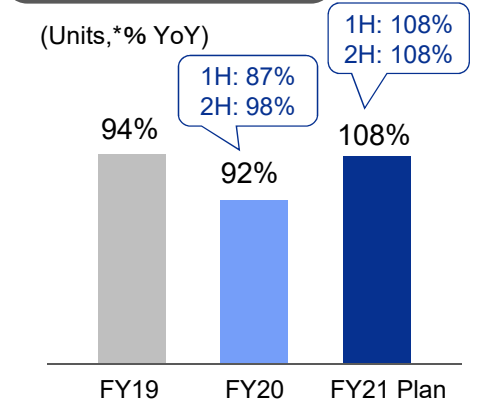
## Performance Trends



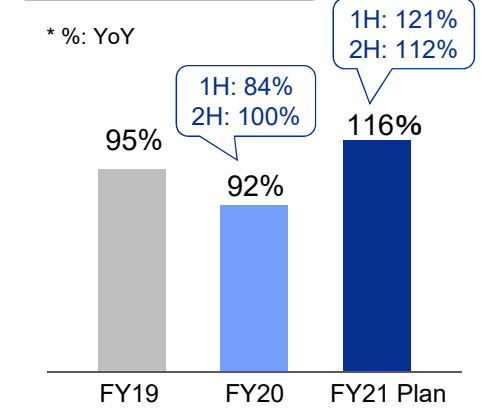
## External Environment

03/2011	12/2012	04/2014	09/2014	04/2016	10/2019	02/2020~
Great East Japan Earthquake	New government administration	Consumption tax raised from 5% to 8%	FIT problem	Kumamoto Earthquake	Consumption tax raised from 8% to 10%	Spread of COVID-19

## New Housing Orders



## Renovation Orders

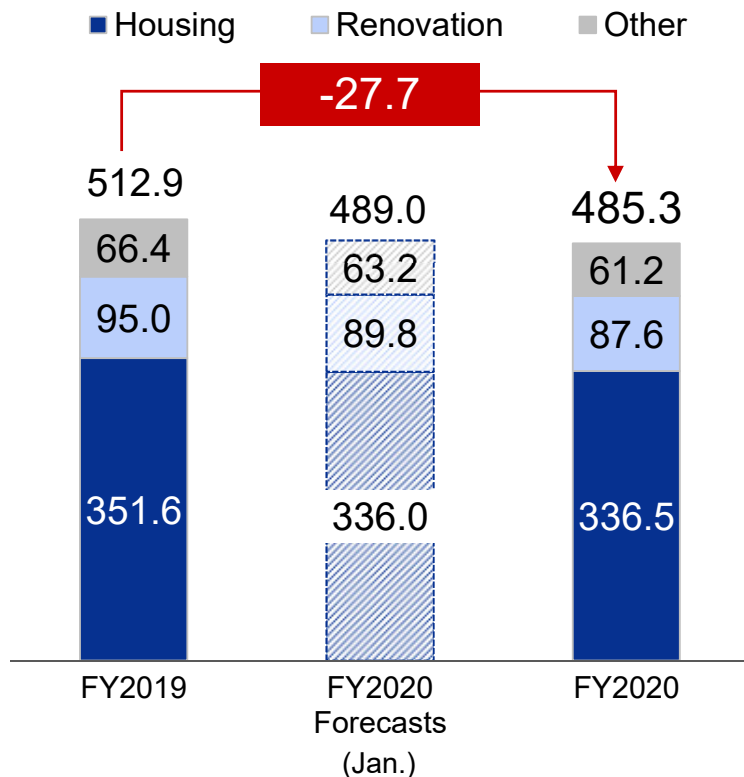


## Despite decreases in the number of houses sold and renovation sales due to COVID-19, progress in fortifying the business structure and controlling fixed costs

- Housing: Despite a substantial decline in the number of houses sold, progress in fortifying the business structure through such measures as optimizing production
- Renovation: Despite a drop in sales, positive turnaround to increased profit in the 2H; efforts to reduce costs progressed in excess of plans
- Other: Firm trends in the Real Estate Business; the Town and Community Development Business began contributing to sales and profit

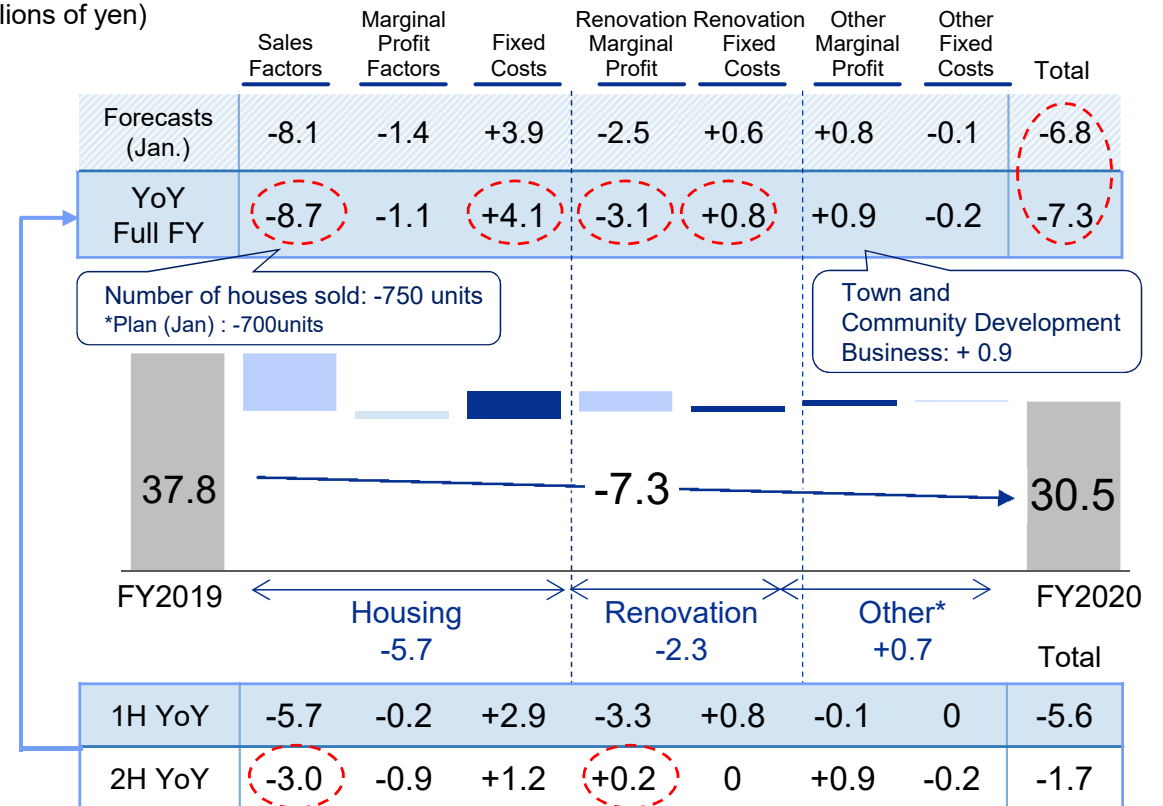
### Net Sales by Business

(Billions of yen)



### Analysis of Operating Income

(Billions of yen)



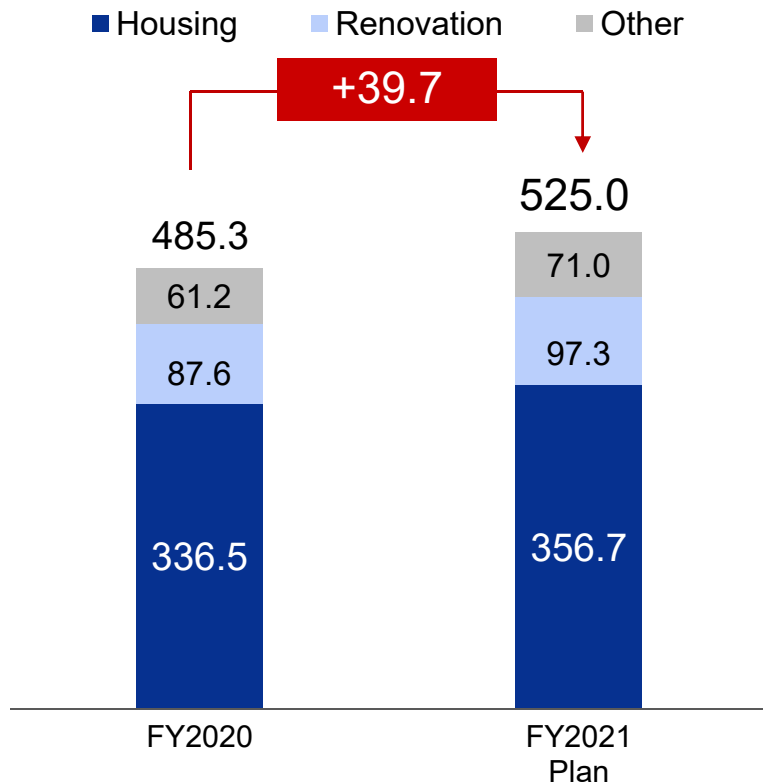
\*Other (Real Estate, Town and Community Development, Overseas, Residential)

■ Recovery in operating income to the same level as FY2019 owing to increases in the number of houses sold and renovation marginal profit as well as contributions from the Town and Community Development Business and other factors

- Housing: Return to the same level as FY2019 in the number of houses sold; optimize production while also realizing the effects of cost reduction
- Renovation: Positive turnaround to an increase in sales; at the same time, promote improvements in productivity (leveling out of sales, DX, other)
- Other: Increase contributions to sales and profit from the Town and Community Development Business

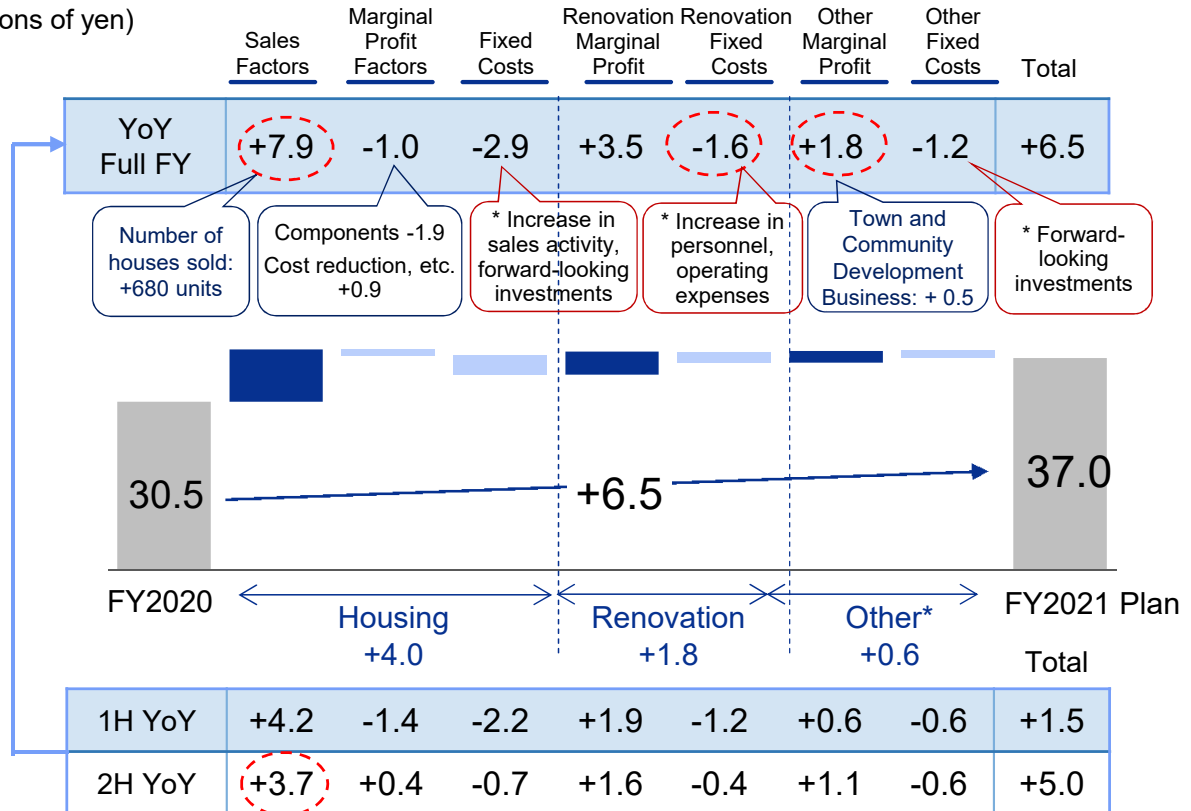
### Net Sales by Business

(Billions of yen)



### Analysis of Operating Income

(Billions of yen)

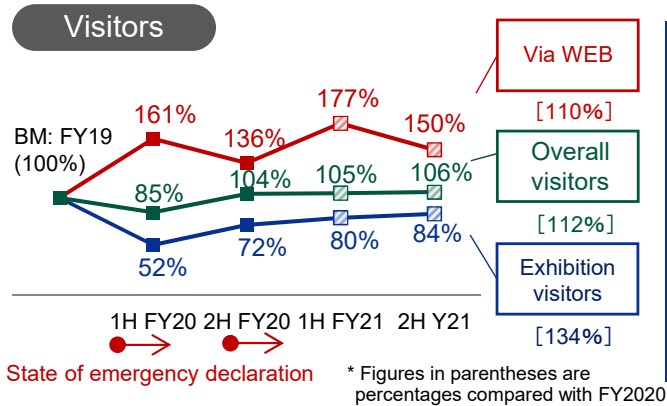


\*Other (Real Estate, Town and Community Development, Overseas, Residential)

# New Housing Orders

Recovery in orders to the same level as FY2019 owing to new developments in three key measures aimed at generating growth (sales force, product strategies, and land strategies)

## Customer and Order Trends



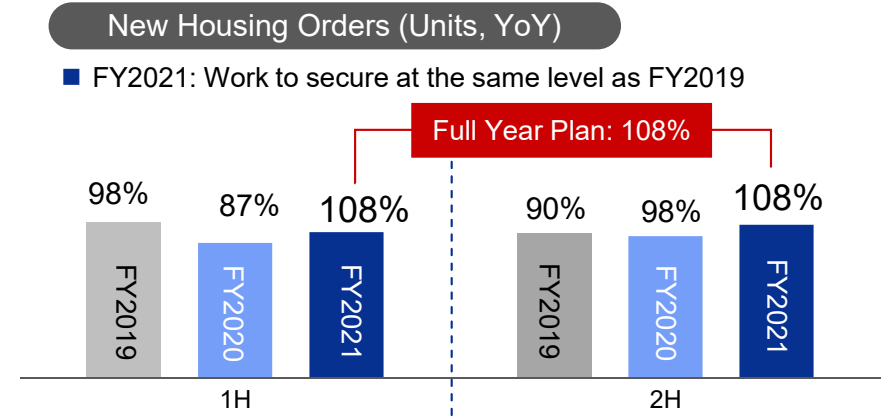
### Number of Orders by Type of Construction

	FY20	FY21
Rebuilding	80%	102%
New construction*1	91%	110%
Subdivision housing	114%	109%
Of which, ready-built houses	124%	125%
Total (Including apartment buildings)	92%	108%

\*%: YoY

\*1 Land: Client arrangement

## Order Results and Plan



## Measures to Acquire Orders in FY2021

### Sales Force/ Attracting Customers

- Continue to strengthen efforts to attract WEB customers; hold online seminars
- In addition to existing experience-based showrooms, newly launch GREENMODEL PARK → Enhance appeal through new normal living experience (Total: FY2020-end: 33 locations → FY2021-end: 55 locations)

### Product Strategies

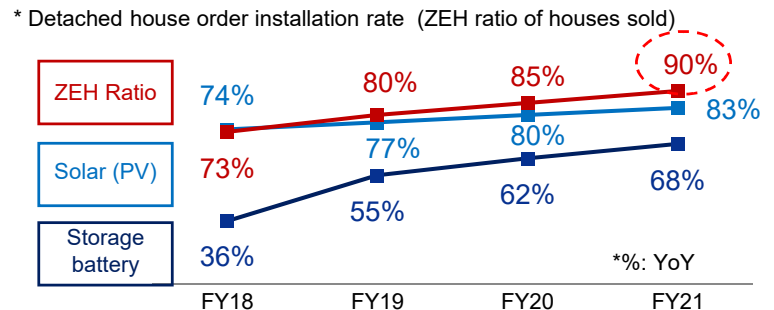
**50th ANNIVERSARY SEKISUI HEIM**

Target customers	Product	Strategy
Rebuilding	Parfait Series	Address "with COVID-19" needs → Strengthen the STAY&WORK model
First time buyer	Smart Power Station	ZEH compatible → GREENMODEL
	Smart Power Station Urban	Strengthen smart houses for subdivision measures

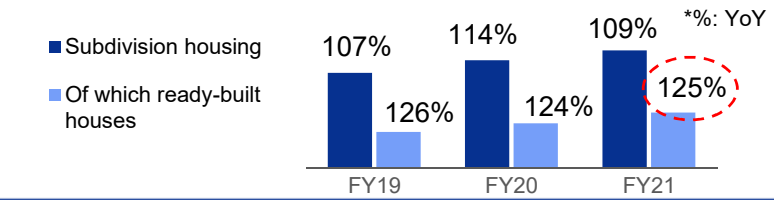
### Land Strategies

- Promote the Smart House No. 1 Project (50th anniversary)**
- Promote nationwide Town and Community Development project (50th anniversary)** → Expand prominence in ASAKA Leadtown technology to detached housing and subdivision land (FY2020-end: Number of land lot inventory currently on sale: 103%\*, of which is ready-built house inventory: 131%\*)

### Smart House-related Indicators\*



### Number of Subdivision Housing Orders



# Stock Business (Renovation, Real Estate), Town and Community Development

■ Shift to a YoY increase in Renovation Business orders; Strengthen renovation collaboration in the Real Estate Business

## Stock Business (Renovation)

\* %: YoY

Sales Structure

- Increase periodic diagnosis quantity and quality and enhance proposal capabilities through Museum
  - Expand FamiS Museum throughout Japan (FY20-end: 12 → FY21-end: 20 locations)

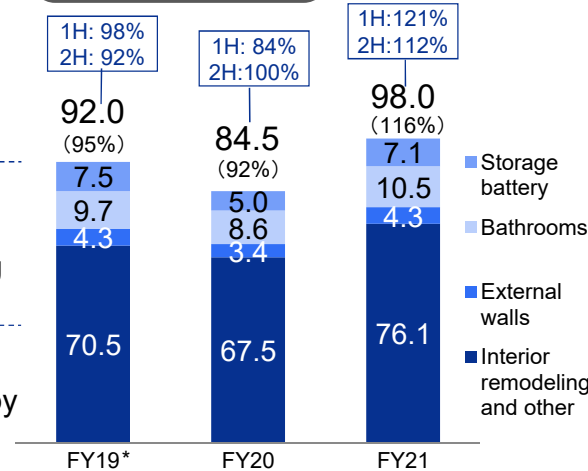
Products

- Focus on Smart House-related and proposal-based products
  - Improve the quality of proposals by utilizing digital technology

Improve Productivity/  
Increase the Level of Customer Satisfaction

- Promote the leveling of sales
- Strengthen points of customer contact by promoting DX
  - Strengthen WEB communication, etc.

### Orders by Products

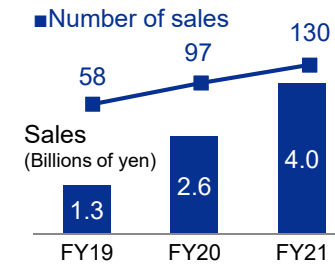


\* Partial change due to portfolio reclassification

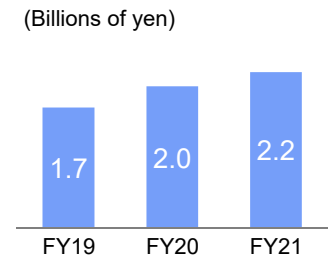
## Stock Business (Real Estate)

- Strengthen collaboration with the Renovation Business
  - Promote purchase and resale BeHeim nationwide (50th anniversary)
  - Expand apartment building renovation orders

### Number of Purchase and Resale Sales / Sales



### Apartment Building Renovation Orders



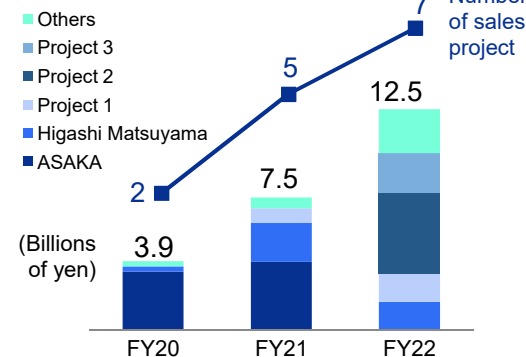
■ Steadily secure projects in the Town and Community Development Business; expand contributions to sales and profit from FY2021

## Town and Community Development

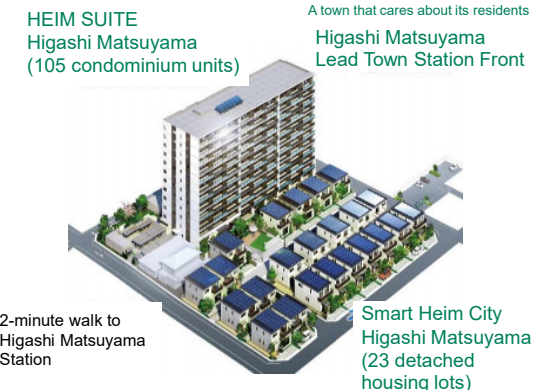
- The ASAKA Leadtown
  - HEIM SUITE condominium units currently on sale;
  - Commence operations at fee-based nursing home "Garden Court Asaka"
- Higashi Matsuyama Lead Town currently on sale
  - Higashi Matsuyama Lead Town business scale: 23 detached housing lots; 105 condominium units
- Full-scale start of the Town Management Business
  - Provide security, car sharing, and other services that utilize IoT technology

### Town and Community Development Business Sales

\* Excluding detached houses



### Higashi Matsuyama Lead Town Model Image





Urban Infrastructure &  
Environmental Products  
Company

Yoshiyuki Hirai

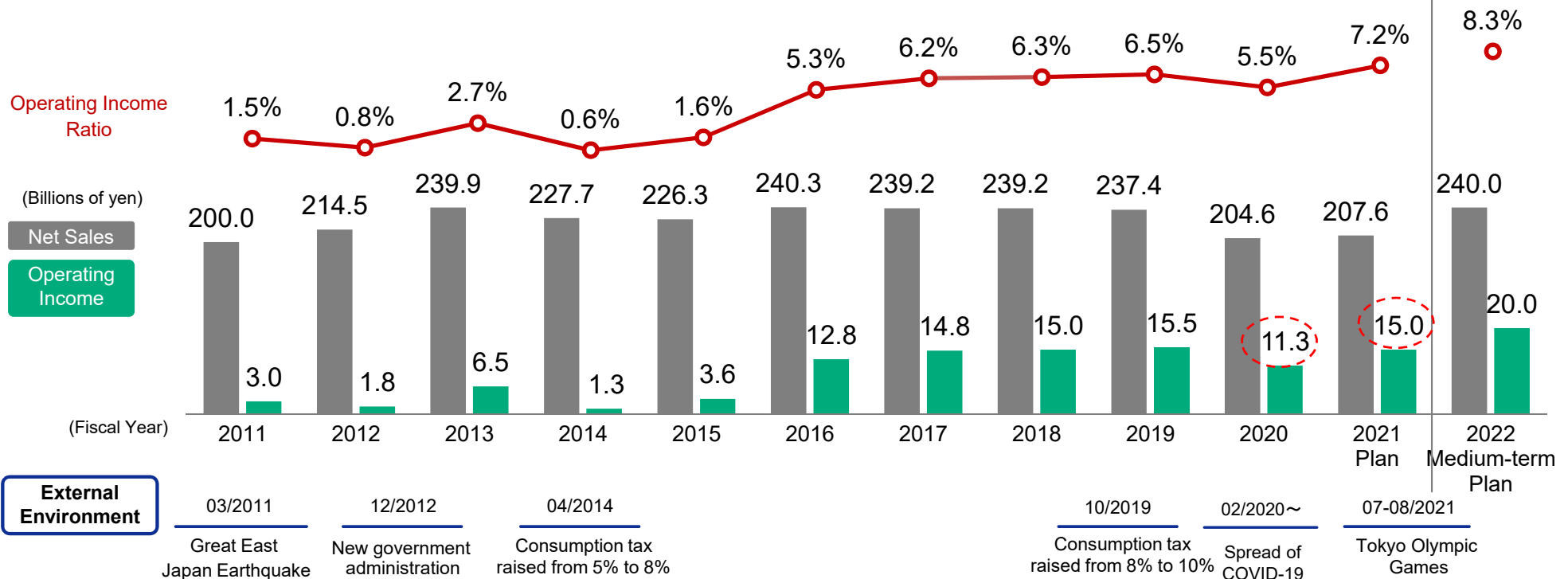
Company President

# Performance Trends

- FY2020: While profit decreased due to the substantial impact of COVID-19 (stoppages in domestic construction, overseas lockdowns, and slowdown in aircraft sheet demand), progress in improving profitability on the back of successful efforts to reduce costs and implement structural reforms ahead of schedule
- FY2021: Recovery in operating income to the same level as FY2019 by expanding prioritized products\* and overseas sales

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

## Performance Trends





# FY2020 Results: Analysis

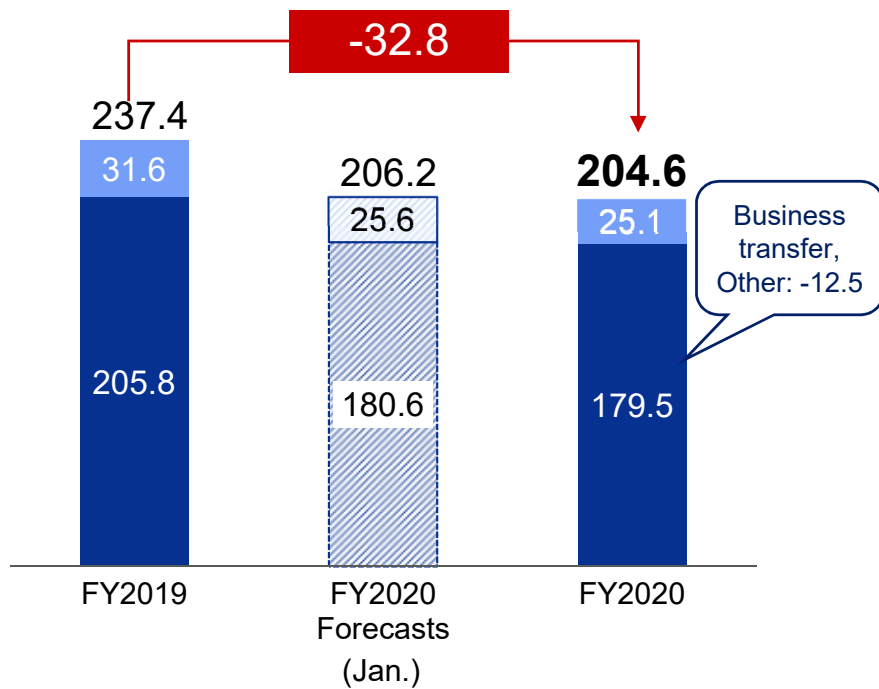
Despite substantial decreases in sales volumes and product mix owing to the drop in housing starts, significant decline in domestic non-residential demand as well as lockdowns and the slowdown in aircraft sheet demand overseas, minimized the extent of profit decline by reducing costs

- Japan: Despite firm trends in the public sector, substantial decline in demand particularly for small and medium-scale non-residential renovations (stores, hotels, other) due to the impact of COVID-19
- Overseas: Slowdown in aircraft sheet demand and the incidence of construction period delays due to lockdowns (pipeline renewal, other)

## Net Sales

(Billions of yen)

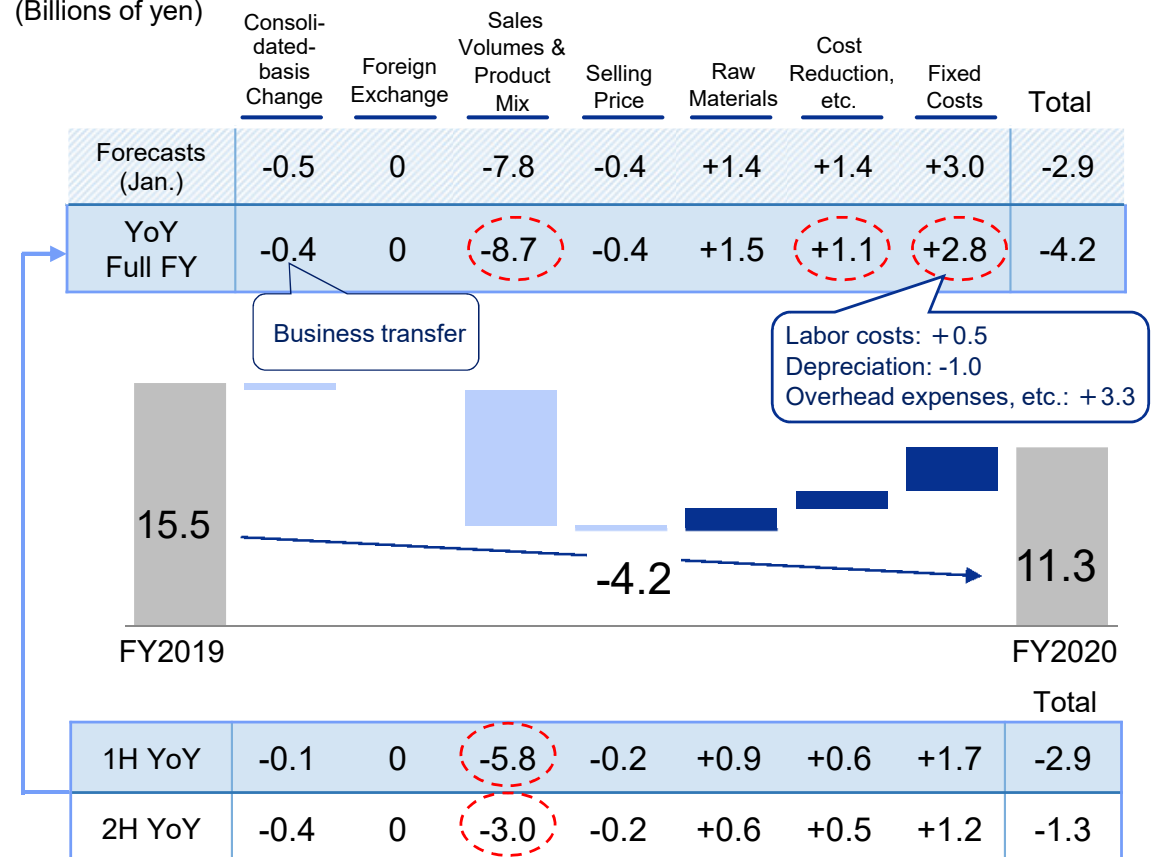
■ Japan ■ Overseas



- Sales decreased ¥20.3 billion on an actual basis excluding the impact of business transfer and other

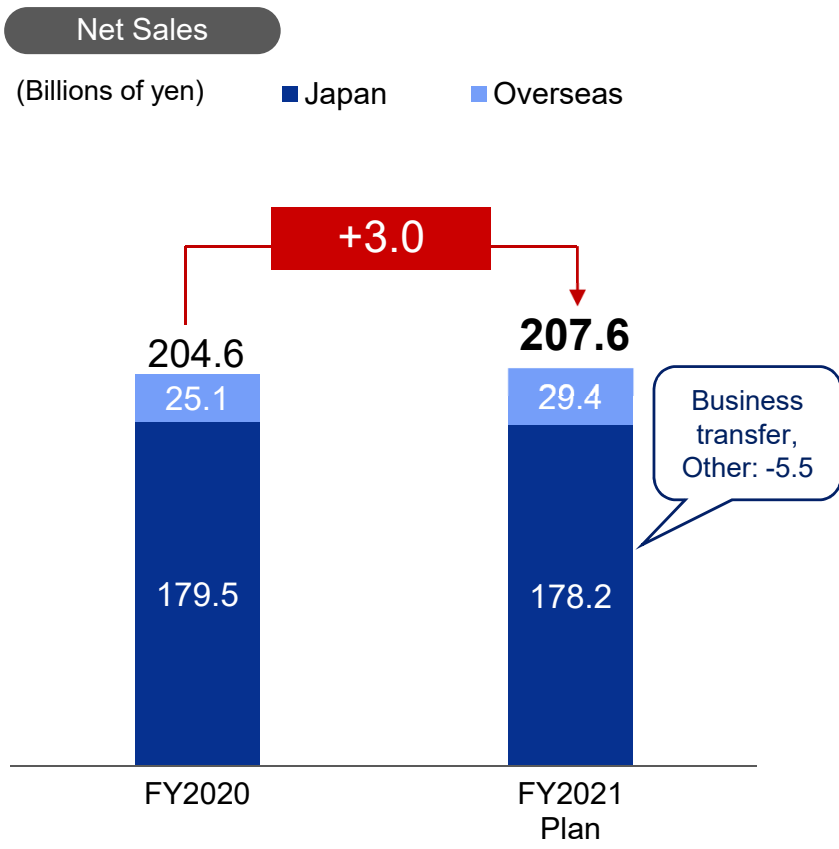
## Analysis of Operating Income

(Billions of yen)

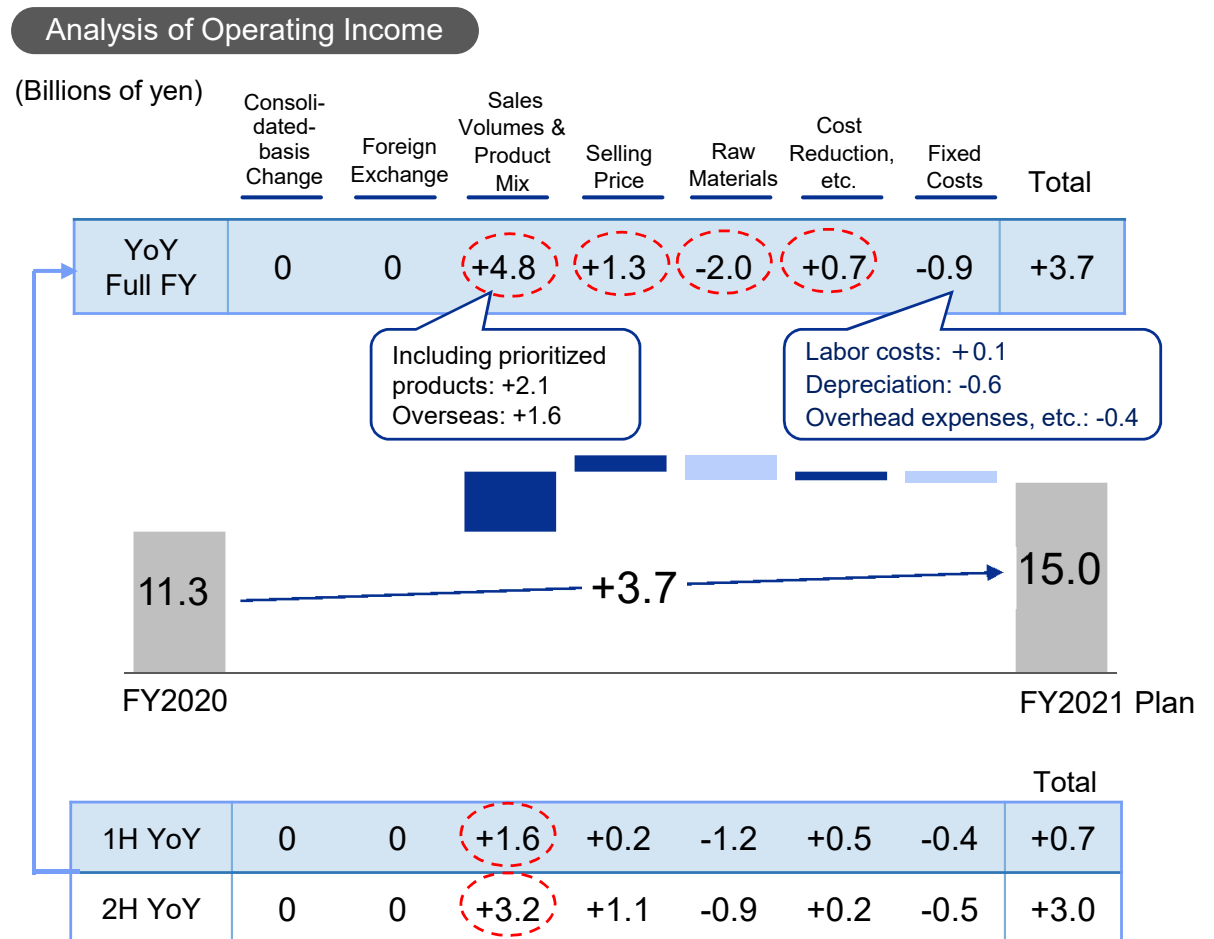


# Overview of FY2021 Plan

- FY2021: Gradual recovery in demand toward the 2H; recovery in operating income to the level prior to COVID-19 through increased sales of prioritized products, overseas business expansion, and passing on raw material price increases to product prices
  - Japan: Substantial prioritized product growth (YoY sales: 111%); promote productivity improvement through DX
  - Overseas: Strengthen applications for sheets in areas outside the aircraft field, develop new customers for FFU (railway sleepers), promote the introduction of new pipeline renewal products



• Sales decreased ¥8.5 billion on an actual basis excluding the impact of business transfer and other



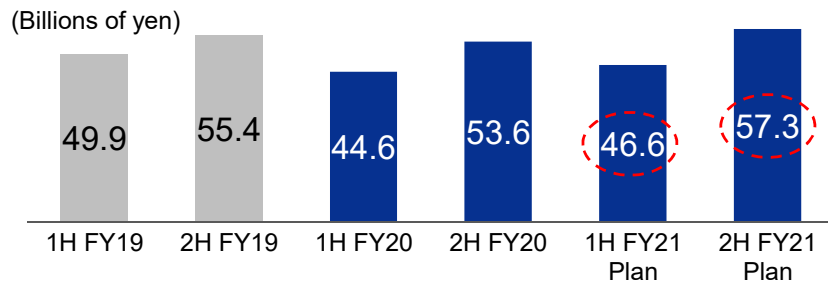
# Three Strategic Fields and Structural Reforms

## FY2021: Increase in sales in the Piping and Infrastructure and Building and Living Environment fields

### Net Sales in the Three Strategic Fields

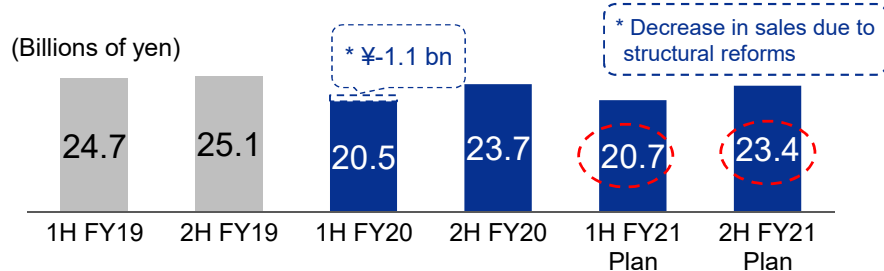
#### Piping and Infrastructure

- FY2020: Encountered significant difficulties owing to the downturn in construction starts in Japan and the impact of stoppages in domestic and overseas construction (construction systems, piping renewal); firm plant business conditions
- FY2021: Gradual recovery toward the 2H; return to the same level as FY2019 focusing mainly on prioritized products



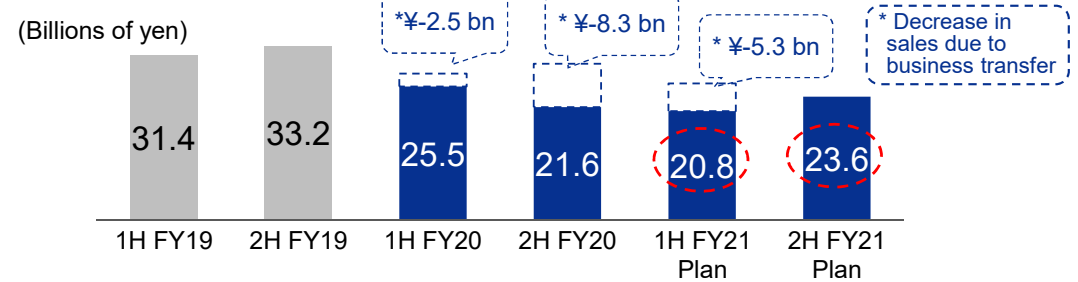
#### Building and Living Environment

- FY2020: Despite a substantial decrease in sales due to the downturn in construction starts in Japan, improvement in profitability through structural reforms
- FY2021: Promote further improvements in profitability



#### Advanced Materials

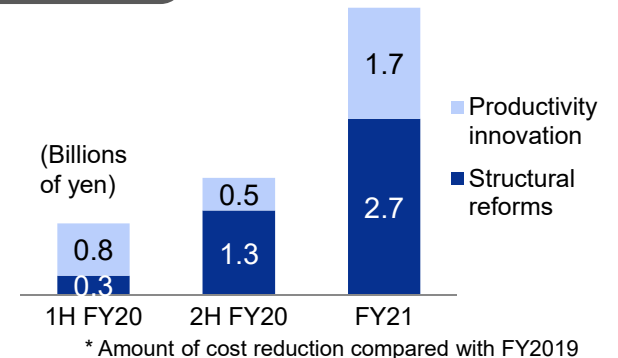
- Sheets: Despite a substantial decrease in aircraft-related demand, completed steps to optimize manufacturing systems in FY2020; steady progress in developing other applications (Pharmaceutical Science, other)
- FFU (railway sleeper application): Firm trends despite the impact of stoppages in overseas construction; establishment of production bases in Europe in line with plans (plans to commence operation in the 2H of FY2022)
- Progress in improving profitability through the transfer of businesses (Agri business (Aug. 2020), Molded Product business (Oct. 2020) of SEKISUI HINOMARU CO., LTD.)



### Structural Reforms · Productivity Innovation

#### Main Measures and Amount of Cost Reduction

- Production reorganization Part II
- Promote automation and streamline production
- Use DX to increase efficiency of all operations



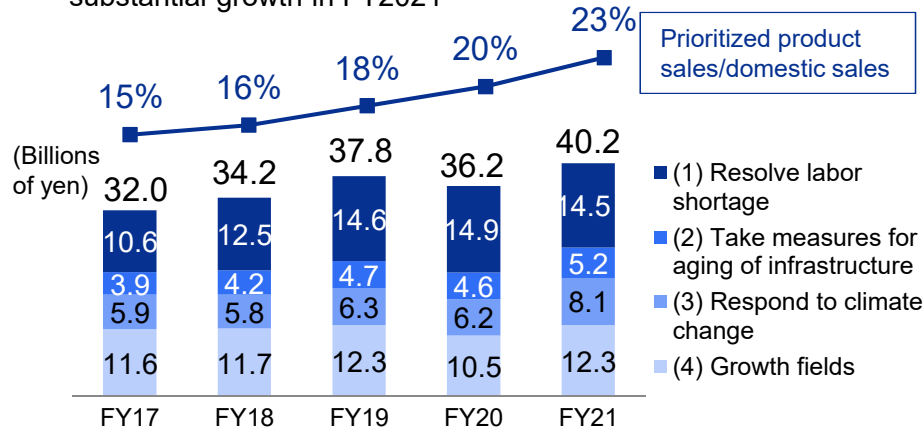
\* Amount of cost reduction compared with FY2019

# Growth Strategy (Prioritized Products, Overseas)

Expansion in Prioritized Products (Establish a winning pattern using DX; operations to comments at Chiba Solution Center in May 2021)

## Prioritized Products Sales (Products to enhance sustainability and Premium Framework)

- Improvement in the ratio of prioritized product sales to total sales in FY2020 despite a decline compared with FY2019; substantial growth in FY2021



## Product Examples

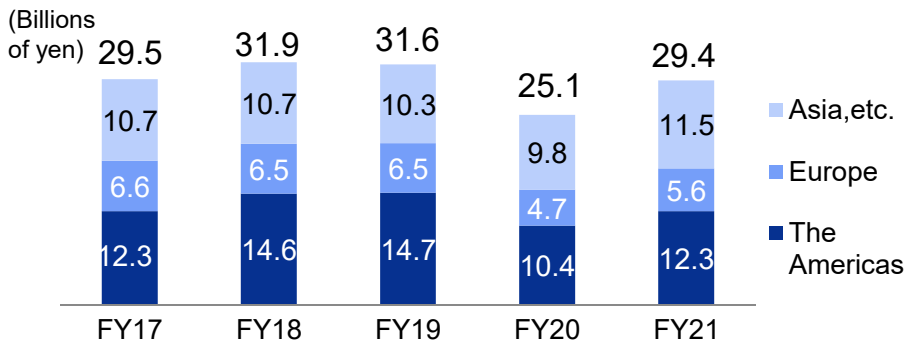
<p>(1) Kucho Hyper CH</p> <p>High-performance polyethylene pipe for hot and cold water air-conditioning use; lightweight and highly workable for easy construction</p>	<p>(2) SPR method (SPR-NX)</p> <p>Rehabilitation of aged sewage Pipes without the need to dig up roads; innovation in construction technology to achieve safety and shorter construction periods</p>	<p>(3) ESLON RCP for sewerage use</p> <p>Reinforced plastic composite pipe with high strength under heavy loads; countermeasure in the protection of cities and building in the event of torrential rain</p>	<p>(4) wells</p> <p>Ergonomically-designed unit bath equipment; alleviates the burden of nursing care from supporting independent living to addressing harsh conditions</p>
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## Expansion of Overseas Business

\* Including the export of domestic products

### Sales by Overseas Area

- Gradual dissipation of the impact of COVID-19; toward a recovery in each region



## Strategy by Overseas Region

Businesses/ Products	Strategies	Europe	Americas	Asia
Sheets	<ul style="list-style-type: none"> <li>Promote expansion into medical-, railway-, and other-related applications (Europe, Americas)</li> <li>Continue to improve production efficiency</li> </ul>	✓	✓	
Advanced Materials (FFU)	<ul style="list-style-type: none"> <li>Cultivate new railway sleeper customers (Americas, Asia);</li> <li>Establish production bases in Europe (Plans to commence operations in the 2H of FY2022)</li> </ul>	✓	✓	✓
Pipeline renewal	<ul style="list-style-type: none"> <li>Promote the introduction of new products that facilitate easier installation</li> <li>Expand installation partners and strengthen collaboration</li> </ul>		✓	✓
Plant and industrial piping	<ul style="list-style-type: none"> <li>Capture Asian and semiconductor demand</li> <li>Expand synergies with Vietnam TP Corporation</li> </ul>			✓



Medical Business

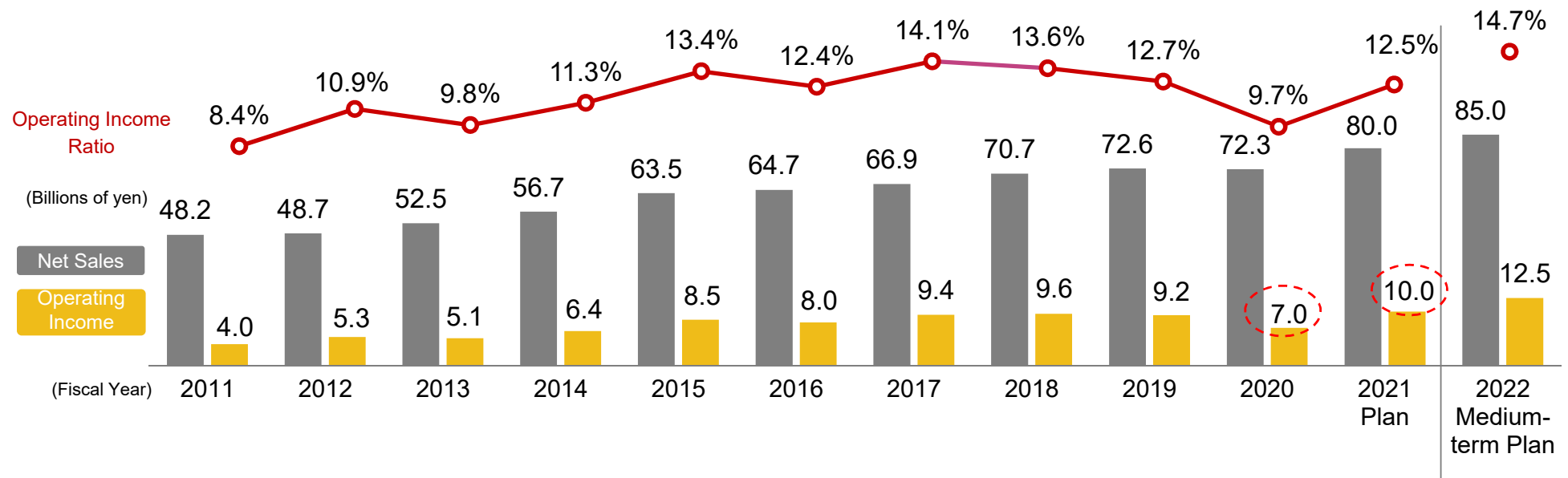
## Futoshi Kamiwaki

Director, Senior Managing Executive Officer  
Head of Business Strategy Department

# Performance Trends

- FY2020: Impact of COVID-19 mainly on the number of outpatient tests, substantial decline in profit
- FY2021: The effects of COVID-19 to dissipate with a return to a growth trajectory mainly in the Diagnostics (overseas) business; work toward record high profits

## Performance Trends

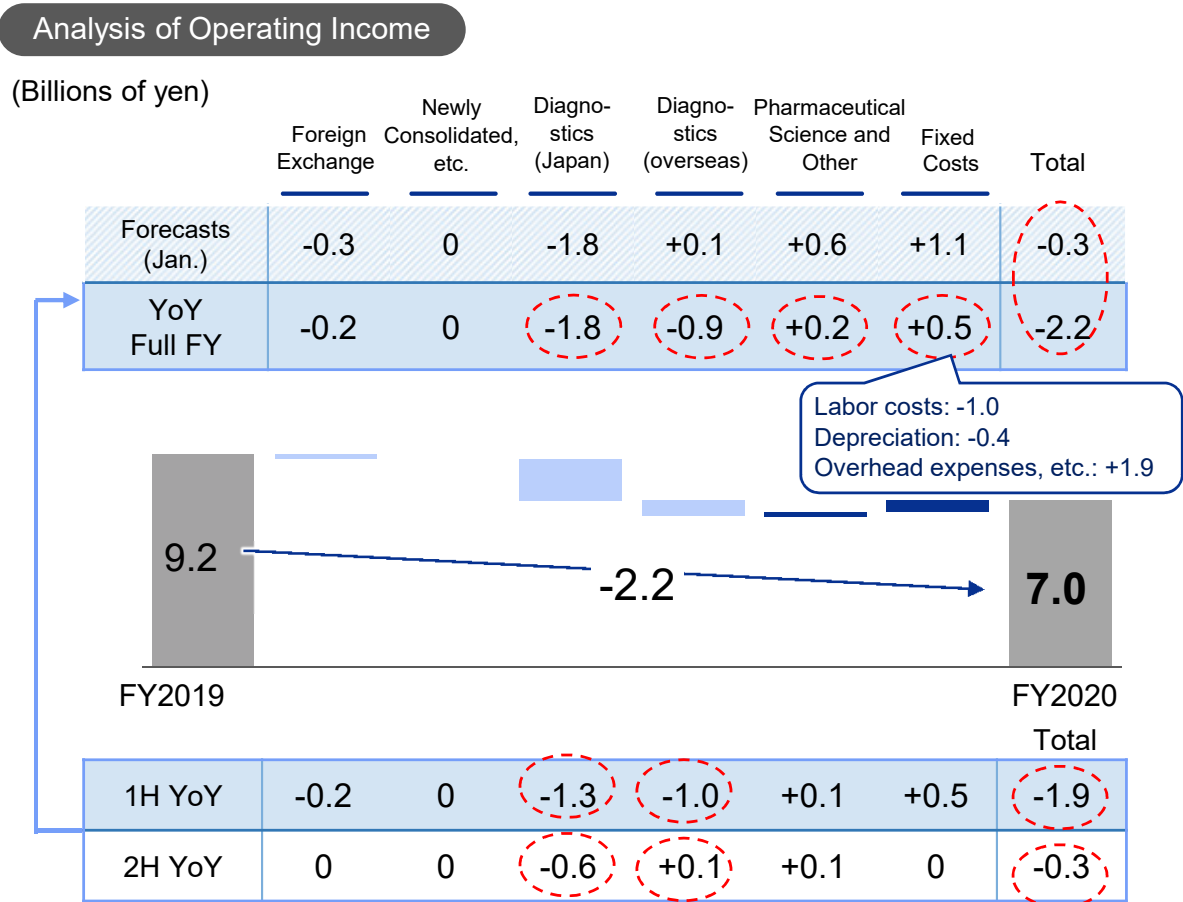
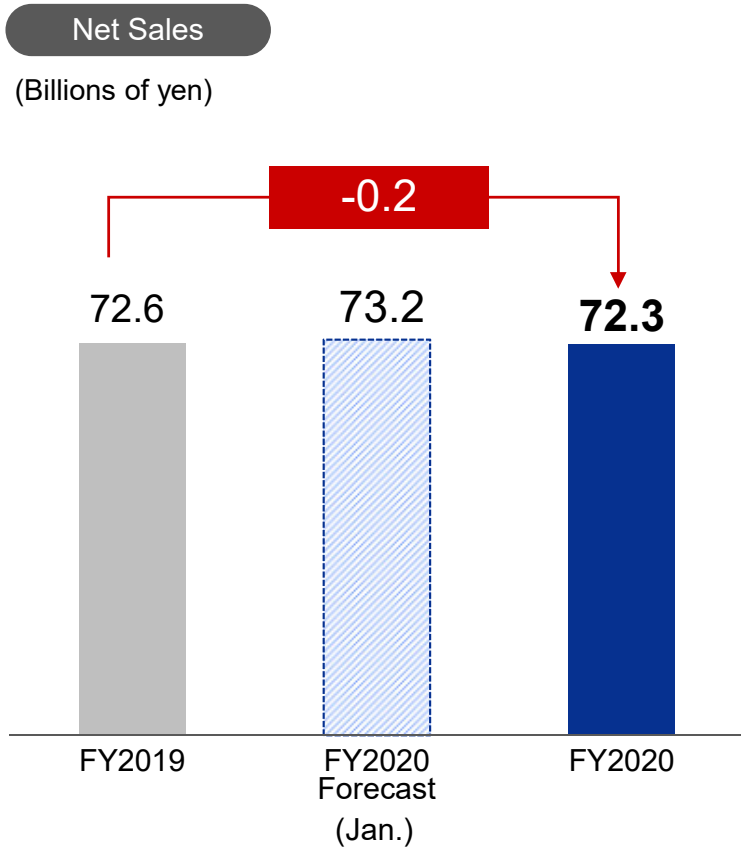


### Main M&As

- 2008: XenoTech (U.S.)
- 2010: Sekisui Medical Technology (China) Ltd.
- 2011: Sekisui Diagnostics (U.S.)
- 2015: EIDIA
- 2017: Participated in the establishment of PeptiStar Inc.
- 2018: Veredus Laboratories (Asia)
- 2020: Decision to boost production capacity of pharmaceutical raw materials

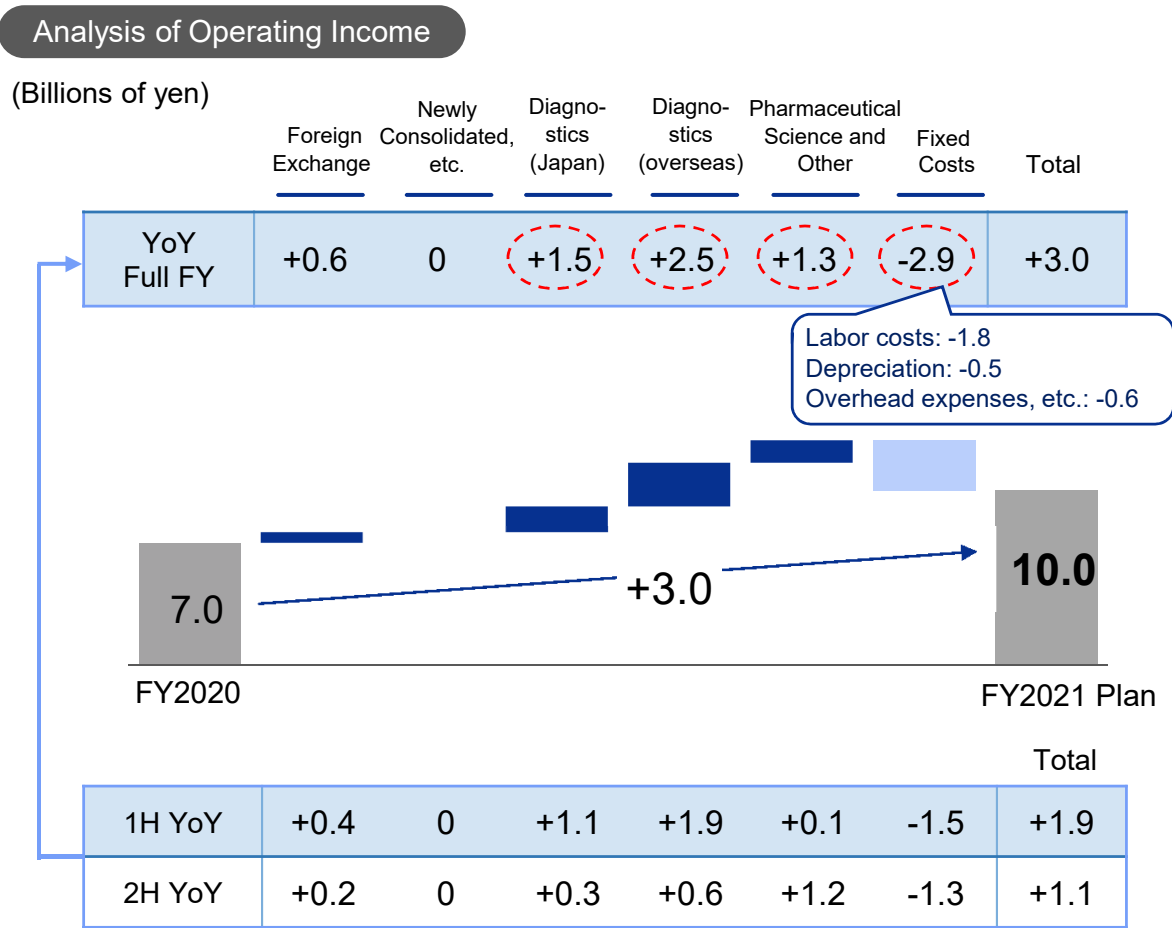
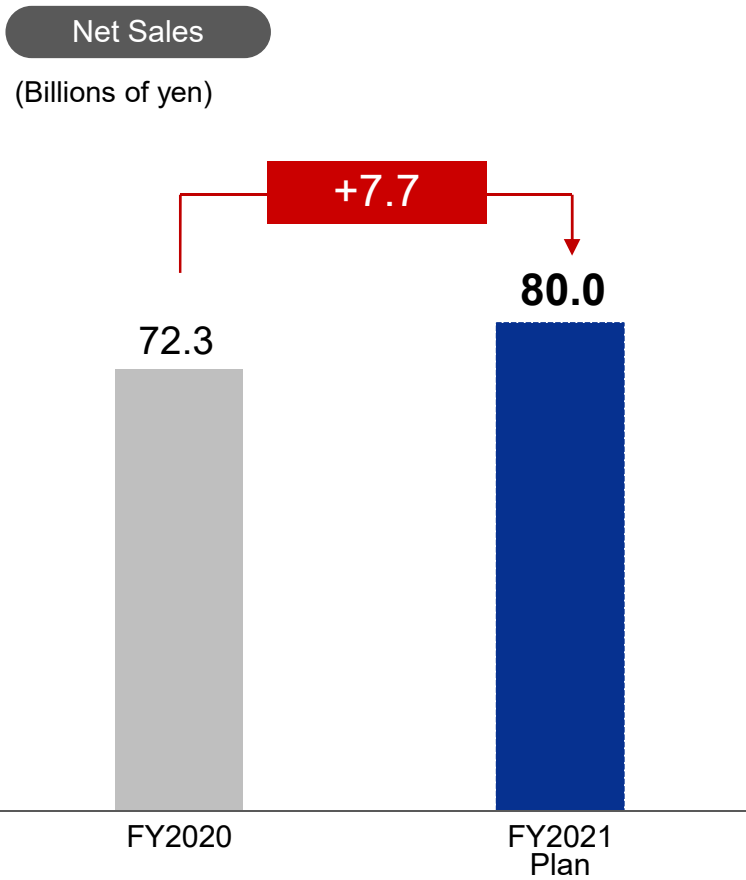
# FY2020 Results: Analysis

- Despite a decrease in profit in the 1H owing to a downturn in the number of outpatient tests (Diagnostics (Japan)) and the impact of lockdowns (Diagnostics (overseas)), operating income recovered to the same level as the previous year in the 2H mainly through increased sales of COVID-19 diagnostic kits (Diagnostics (overseas)) and successful efforts to reduce fixed costs
- Slowdown in COVID-19 diagnostic kits in the U.S. and influenza test kit sales in the 4Q; operating income fell short of plans
- Despite falling short of the Pharmaceutical Sciences business plan, secured an increase in profit by expanding sales of new pharmaceutical ingredients



# Overview of FY2021 Plan

- Return to a growth trajectory on the back of a recovery in market conditions, expand sales of new products while focusing on the Diagnostics (overseas) business
- Promote efforts aimed at strengthening the production structure and development



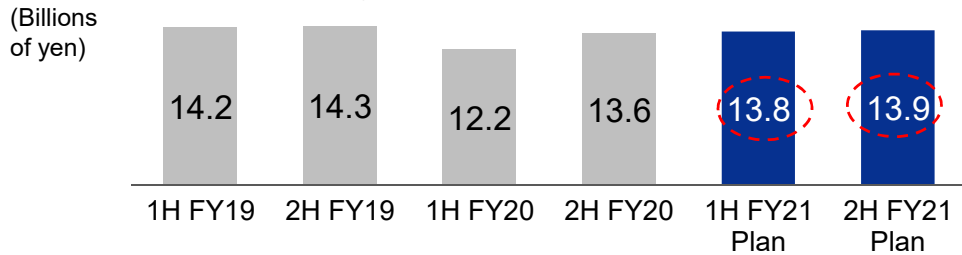


**FY2021: Recovery in the Diagnostics (Japan) business and accelerated growth in the Diagnostics (overseas) and Pharmaceutical Science businesses; further focus on the development and sales expansion of new products**

## Net Sales by Business and Overview of Progress

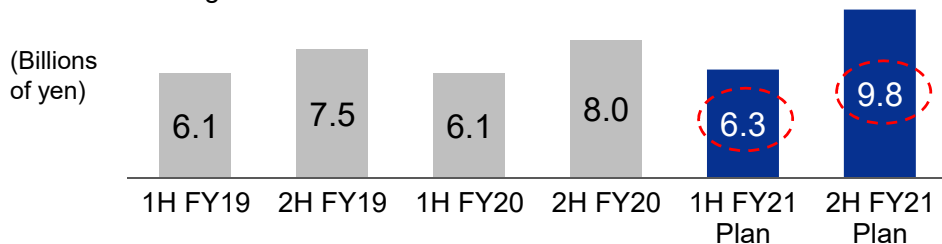
### Diagnostics (Japan)

- FY2020: Despite a decline in sales owing to decreases in the number of lifestyle disease diagnostics (biochemistry, diabetes, etc.) patients and influenza tests, recovery trend in the 2H
- FY2021: Increase in sales on the back of a recovery in the number of outpatients and through new product sales expansion



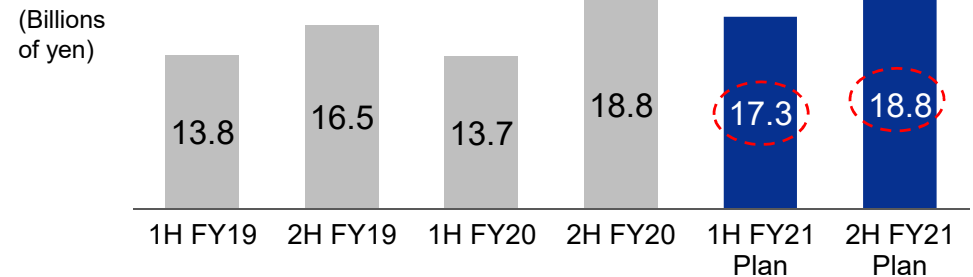
### Pharmaceutical Sciences (Pharmaceutical and Fine Chemicals, Drug Development Solutions, Enzymes)

- FY2020: Despite the impact of lockdowns (U.S. Drug Development Solutions), increase in sales owing to such factors as the start of contributions from new pharmaceutical ingredients
- FY2021: Substantial increase in sales mainly through new pharmaceutical ingredient sales expansion; acceleration in CDMO business growth



### Diagnostics (overseas)

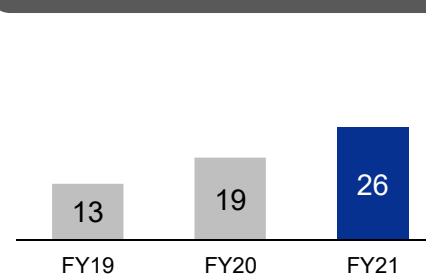
- FY2020: Despite the downturn in demand due to the impact of lockdowns (as a result of such factors as the temporary closure of clinics), substantial increase in sales owing mainly to increased sales of COVID-19 diagnostic kits
- FY2021: Increase in sales due to the lifting of lockdowns and an increase in sales of new products (U.S.) as well as blood coagulation equipment, reagents, and other products in China



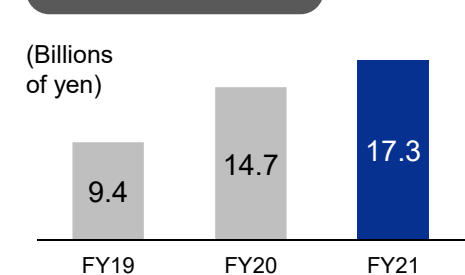
## Development and Sales of New Products

- FY2021: Accelerate the release of new products to the market

### Number of New Products Released



### New Product Sales





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.

Note: In the case of numerical values denominated in billions of yen, numbers below a billion are rounded up or down to the nearest hundred million

# Housing Company Results and Plan

1. Main data in Housing business		FY2020			FY2019		
		1H	2H	Full Year	1H	2H	Full Year
CONSOLIDATED	Net Sales (Billions of yen)	230.6	254.6	485.3	256.9	256.0	512.9
	Housing	161.2	175.3	336.5	179.3	181.1	360.4
	Renovation	41.5	46.2	87.6	49.4	45.6	95.0
	Other	28.0	33.2	61.2	28.2	29.3	57.5
	Real estate	23.4	24.4	47.7	22.2	23.3	45.5
	Residential Services	3.7	4.1	7.8	4.0	4.0	7.9
	Town and Community Development	0.1	3.8	3.9	0.1	0.1	0.2
	Overseas	0.6	0.6	1.3	1.0	0.9	1.9
OTHERS	1. Number of houses sold (Housing units)	4,910	5,245	10,155	5,425	5,485	10,910
	Detached houses	4,645	4,910	9,555	5,120	5,080	10,200
	Housing/Rebuilding	4,085	4,250	8,335	4,610	4,605	9,215
	Ready-built houses	560	660	1,220	510	475	985
	Apartment buildings, other	265	335	600	305	405	710
	2. Main data						
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	31.5	31.1	31.3	31.4	31.5	31.5
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	878	881	879	859	875	868
	Floor space (Square meter)	118.4	116.3	117.4	120.6	118.8	119.7
	Exhibition places (Units)	439	-	441	447	-	446
Sales staff (Number of person)	2,612	-	2,451	2,636	-	2,487	

# Housing Company Results and Plan

## 2. Housing orders

(Millions of yen)

		FY2021 (Plan)			FY2020			FY2019		
		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
New construction · Renovation	Year-start Backlog	184,800	182,000	-	205,400	194,500	-	219,500	217,320	-
	Growth Rate	-10%	-6%	-	-6%	-11%	-	+6%	+2%	-
	New Orders	197,506	211,999	409,505	175,319	190,806	366,125	203,590	193,472	397,062
	Growth Rate	+13%	+11%	+12%	-14%	-1%	-8%	-1%	-11%	-6%
	Sales of Housing/Renovation	200,306	208,999	409,305	186,219	200,506	386,725	205,770	205,392	411,162
	Growth Rate	+8%	+4%	+6%	-9%	-2%	-6%	+3%	-3%	±0%
	End-balance	182,000	185,000	-	194,500	184,800	-	217,320	205,400	-
	Growth Rate	-6%	±0%	-	-11%	-10%	-	+2%	-6%	-

## 3. Housing starts

(Units)

	FY2020			FY2019			FY2018
	1H	2H	Full Year	1H	2H	Full Year	
Housing starts	413,476	395,378	808,854	466,692	416,995	883,687	952,936
Privately-owned houses (included in above) + Houses for sale starts =A	193,133	197,999	391,132	227,865	201,627	429,492	432,615
Detached house sales by our company=B (Unit base)	4,645	4,910	9,555	5,120	5,080	10,200	10,200
Our share in Detached houses=B/A	2.4%	2.5%	2.4%	2.2%	2.5%	2.4%	2.4%

\* "Housing starts" and "Privately-owned houses" after 2H of FY2020 are based on forecasts

## 4. The ratio of houses equipped with smart specifications

	FY2020			FY2019			FY2018
	1H	2H	Full Year	1H	2H	Full Year	
Solar power generation systems installed	79%	80%	80%	77%	78%	77%	74%
Storage battery installed	60%	64%	62%	52%	57%	55%	35%
Comfortable Air System	72%	75%	73%	78%	76%	77%	77%