

Presentation of Financial Results

for the Third Quarter of Fiscal Year 2017, which ended March 31, 2018

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Results for 3Q FY2017 and Forecasts for FY2017

Forex Rate	FY2016			FY2017		
	3Q	4Q	2H	3Q	4Q	2H
Assumption	¥101/US\$ ¥113/€	¥117/US\$ ¥113/€	¥109/US\$ ¥113/€	¥110/US\$ ¥130/€	¥113/US\$ ¥133/€	¥112/US\$ ¥132/€
Results (Avg. rate for each term)	¥109/US\$ ¥118/€	¥114/US\$ ¥121/€	¥111/US\$ ¥119/€	¥113/US\$ ¥133/€	-	-

Overview of 3Q FY2017 Results

- Substantial increase in net sales also on the back of contributions from newly consolidated companies (newly consolidated subsidiaries (YoY): +9.9 bil. yen)
- Secured an increase at each level of profit; extraordinary loss attributable to structural reform measures implemented during the previous fiscal year eliminated during this fiscal year; as a result, the bottom line increased substantially.
- Operating income and the bottom line reported record high earnings

(Billions of yen)	First 9 months of FY2016	First 9 months of FY2017	Difference
Net Sales	766.2	791.6	+25.4
Operating Income	61.5	62.4	+0.9
Ordinary Income	63.7	64.3	+0.6
Net Income Attributable to Owners of the Parent	39.9	44.3	+4.4

3Q FY2017 Results: Net Sales and Operating Income by Divisional Company

- Steady increase in profit at the HPP and UIEP companies (record high earnings in 3Q and 1Q-3Q); secured an increase in Group-wide profit up to the 3Q on a cumulative basis, despite a downturn in earnings in the Housing Company due to delays in construction as a result of poor weather conditions

(Billions of yen)	3Q FY2016 (Oct.–Dec.)		3Q FY2017 (Oct.–Dec.)		Difference		First 9 months of FY2016 (Apr.–Dec.)		First 9 months of FY2017 (Apr.–Dec.)		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*	90.1	14.1	100.1	15.1	+10.0	+1.0	266.8	41.6	285.6	43.9	+18.8	+2.3
Housing*	103.5	2.4	101.3	0	-2.2	-2.5	341.2	19.6	345.7	17.8	+4.5	-1.8
UIEP*	58.7	3.5	59.8	4.1	+1.1	+0.6	170.7	6.7	171.8	8.9	+1.1	+2.2
Others	0.6	-2.0	1.3	-2.3	+0.7	-0.3	1.9	-5.8	4.1	-7.1	+2.1	-1.3
Eliminations or Unallocatable Accounts	-4.5	-0.2	-5.1	-0.5	-0.5	-0.3	-14.4	-0.6	-15.6	-1.1	-1.2	-0.5
Total	248.4	17.9	257.5	16.4	+9.1	-1.4	766.2	61.5	791.6	62.4	+25.4	+0.9

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

FY2017 Earnings Forecasts

- Plans for a substantial increase in net sales also on the back of contributions from newly consolidated companies (newly consolidated subsidiaries (YoY): +18.1 bil. yen)
- Plans for record high profits at each of the operating income, ordinary income and bottom line levels

(Billions of yen)	FY2017		Difference	FY2017	
	FY2016	(Forecasts)		Plan (Oct. 2017)	Difference
Net Sales	1,065.8	1,114.0	+48.2	1,114.0	0
Operating Income	96.5	102.0	+5.5	102.0	0
Ordinary Income	91.5	101.0	+9.5	101.0	0
Net Income Attributable to Owners of the Parent	60.9	67.0	+6.1	67.0	0

FY2017 Forecasts: Net Sales and Operating Income by Divisional Company

- Plans to achieve increases in net sales and profit at all three divisional companies; increases driven by the HPP and UIEP companies (plans for record high profits at these two companies)
- Housing Company forecasts for the full fiscal year revised downward owing mainly to delays in construction as a result of poor weather conditions in the 3Q. Group-wide forecasts project to come in line with plans
- Ramp up research and development investments Group-wide

(Billions of yen)	FY2016		FY2017 (Forecasts)		Difference		FY2017 Plan (Oct. 2017)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	HPP	357.5	54.5	388.0	59.0	+30.5	+4.5	388.0	59.0	0
Housing	485.0	37.5	497.5	38.0	+12.5	+0.5	500.0	39.0	-2.5	-1.0
UIEP	240.3	12.8	241.0	15.0	+0.7	+2.2	241.0	15.0	0	0
Others	2.7	-7.6	6.0	-9.0	+3.3	-1.4	6.0	-9.5	0	+0.5
Eliminations or Unallocatable Accounts	-19.8	-0.8	-18.5	-1.0	+1.3	-0.2	-21.0	-1.5	+2.5	+0.5
Total	1,065.8	96.5	1,114.0	102.0	+48.2	+5.5	1,114.0	102.0	0	0

2H FY2017 Forecasts: Net Sales and Operating Income by Divisional Company

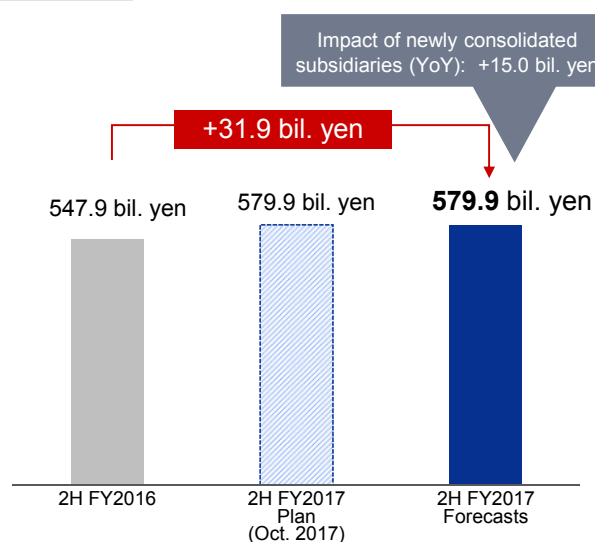
- Substantial increase in profit at the HPP Company; Group-wide operating income projected to come in line with plans, despite the downward revision of forecasts for the Housing Company

(Billions of yen)	2H FY2016		2H FY2017 Forecasts		Difference		2H FY2017 Plan (Oct. 2017)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	180.8	27.0	202.5	30.2	+21.7	+3.2	202.5	30.2	0	0
Housing	247.3	20.4	253.1	20.2	+5.8	-0.2	255.6	21.2	-2.5	-1.0
UIEP	128.3	9.6	128.9	10.2	+0.6	+0.5	128.9	10.2	0	0
Others	1.4	-3.8	3.3	-4.2	+1.8	-0.4	3.3	-4.7	0	+0.5
Eliminations or Unallocatable Accounts	-9.9	-0.5	-7.9	-0.4	+2.0	+0.1	-10.4	-0.9	+2.5	+0.5
Total	547.9	52.8	579.9	56.0	+31.9	+3.2	579.9	56.0	0	0

2H FY2017 Forecasts: Analysis of Net Sales and Operating Income

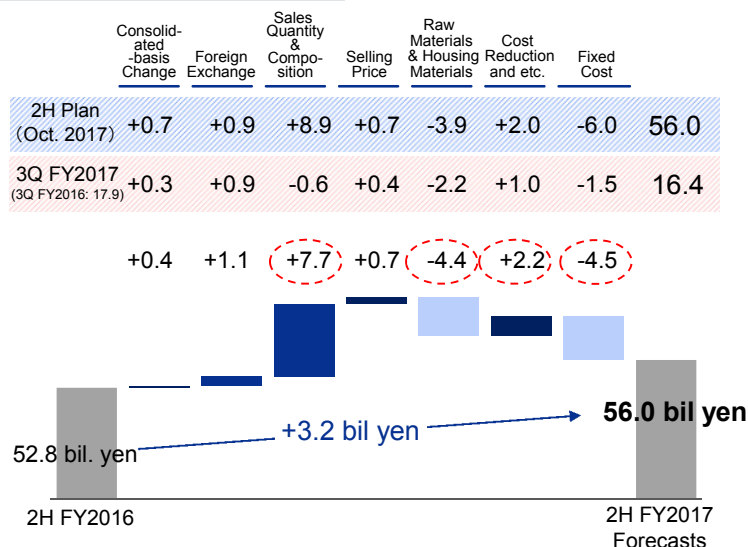
- In 2H, plans for a substantial increase in sales volume and improvement in the product mix mainly in the HPP Company
- Compared to the plan, the quantity decreased and we could not improve the product mix. In addition, the raw materials were also high, but we hedged by cost reduction and fixed cost restraint
- In 4Q, plans for an increase in sales volume and improvement in the product mix mainly in the HPP and Housing Company

Net Sales



• Increased by 16.9 billion yen on the actual basis excluding the impact of newly consolidated subsidiaries.

Analysis of Operating Income

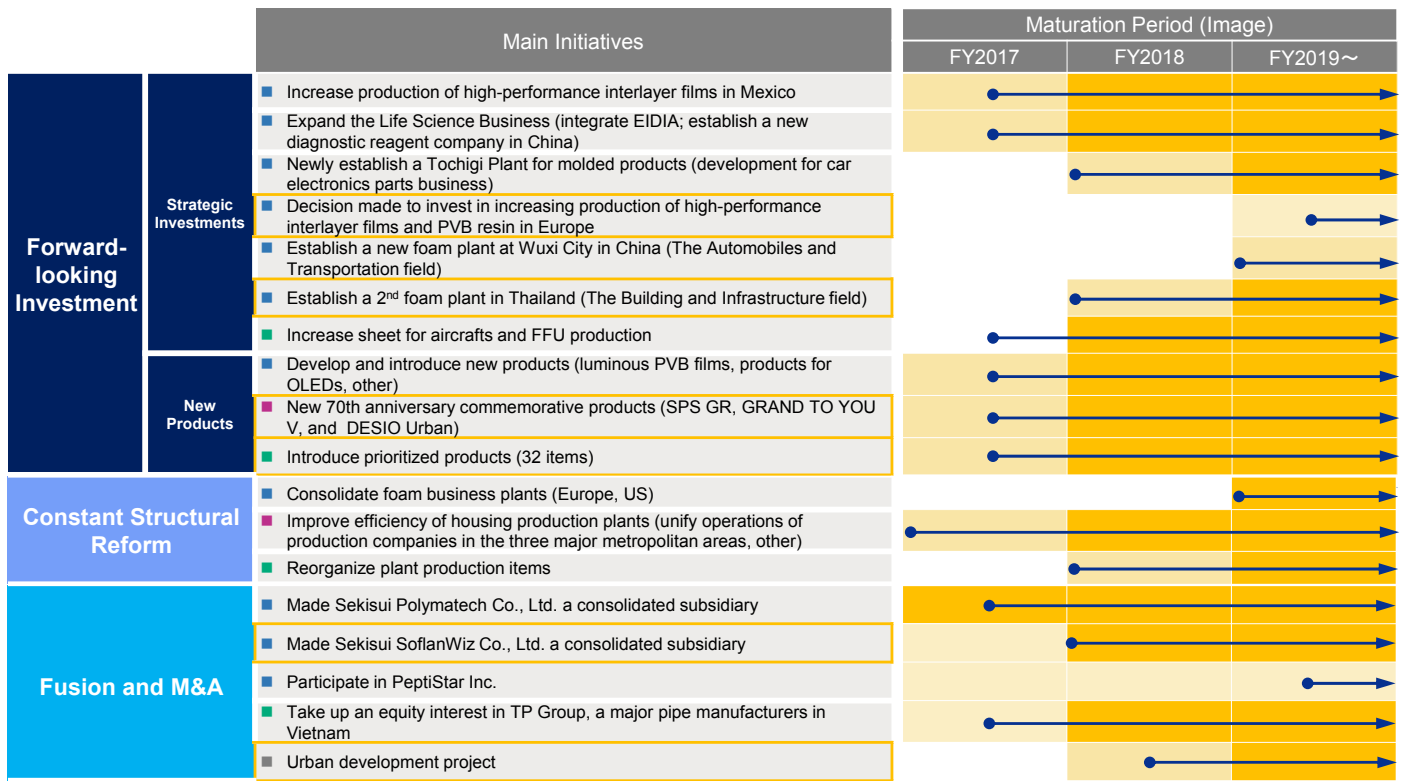


Progress of major measures of Medium-term Management Plan “SHIFT 2019 -Fusion-”

■ Forward-looking investments and structural reforms progressing steadily. “Fusion” initiatives aimed at accelerating growth moving forward

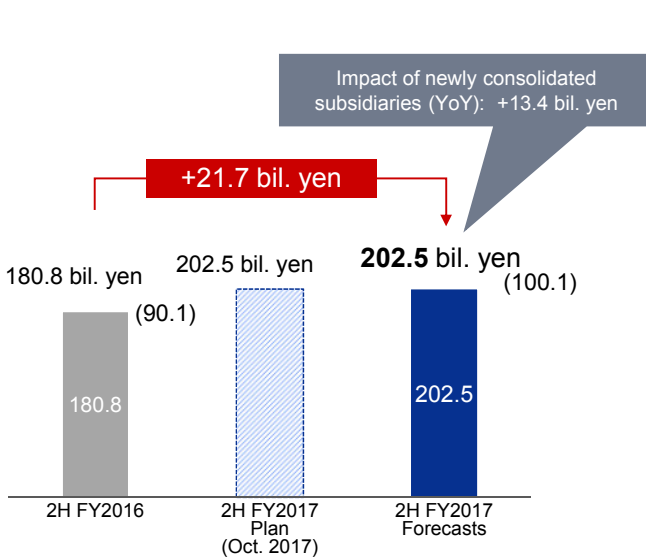
■ HPP ■ Housing ■ UIEP ■ Corporate Headquarters

■ : Begin realizing benefits ■ : Realize benefits in earnest



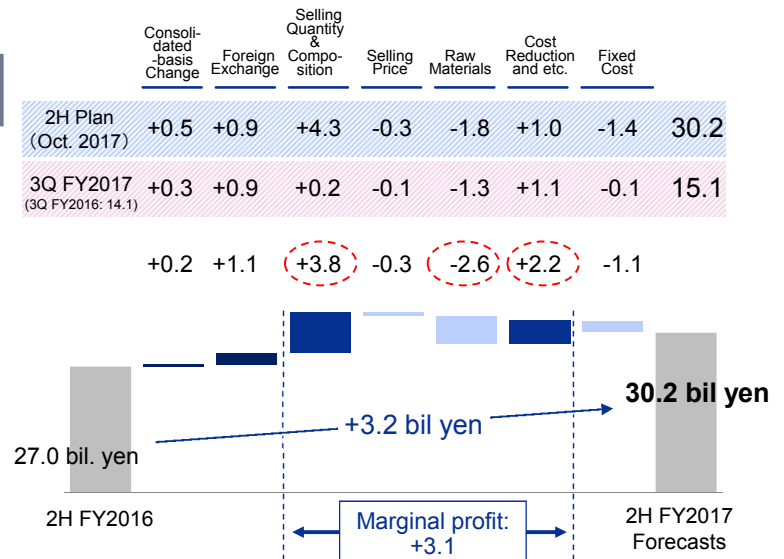
Plans to increase sales volumes and improve the product mix; offset the greater than expected high level of raw material costs through efforts to fixed costs control and costs reduction; projected to achieve 2H operating income plans

Net Sales (Billions of yen)



• Plan to increase by 8.3 billion yen on the actual basis excluding the impact of newly consolidated subsidiaries.

Analysis of Operating Income (Billions of yen)



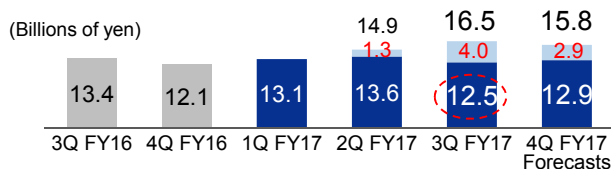
Four Strategic Fields

Failure to achieve plans in the Electronics field owing mainly to the deterioration in market conditions offset by a recovery in the Automobiles and Transportation field

Trends of Sales and 2H Overview in the Four Strategic Fields

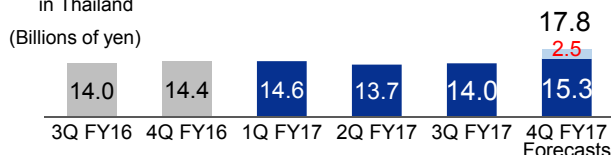
Electronics

- Slowdown in the demand for smartphones in China; 4Q demand projected to come in at around the level recorded in the 3Q
- Firm demand for large-scale LCDs; steady progress in development efforts in each of the OLED as well as packaging/semiconductor fields



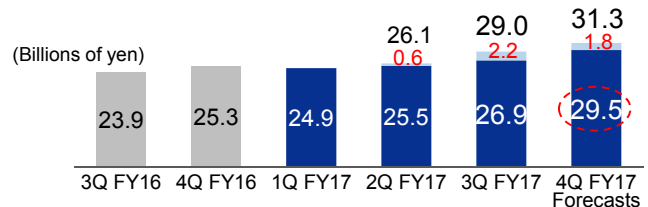
Building and Infrastructure

- CPVC: conditions in the Middle East are exhibiting a recovery trend; the Americas steadily expanding
- Fire-resistant materials: steady expansion in the non-combustible urethane business; Made Sekisui SoflanWiz Co., Ltd. a consolidated subsidiary
- Decision made to increase production of polyolefin film for construction use in Thailand



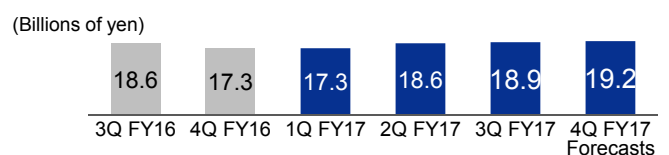
Automobiles and Transportation

- Stagnant conditions in North America; stable market conditions in other areas
- Steady progress in expanding sales of high-performance products globally; start-up of a new interlayer film production line in Mexico in line with plans; decision made to invest in increasing production capacity in Europe
- In the process of reinforcing activities in the heat release materials field (promoting synergies with Sekisui Polymatech Co., Ltd.)



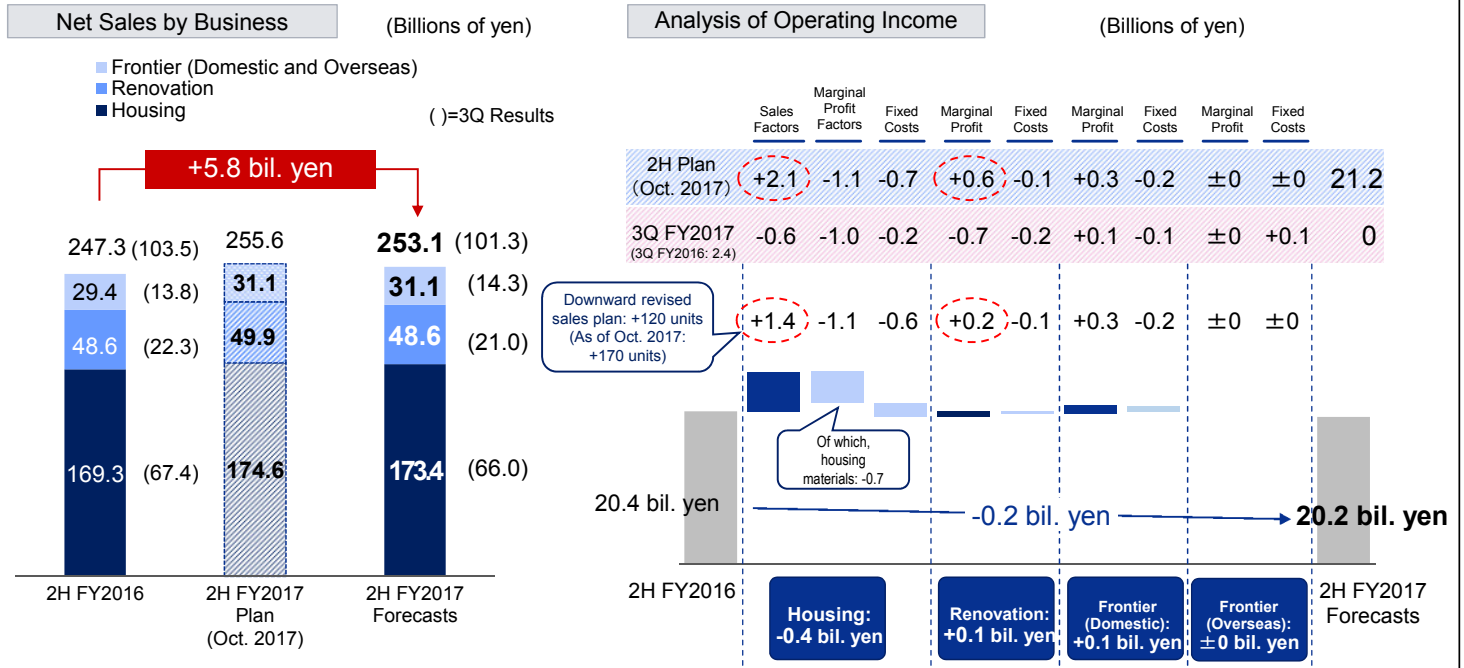
Life Science

- Firm diagnostics business in Japan; business expanding in China
- Integration synergies with EIDIA Co., Ltd. materializing steadily from a sales and other perspectives



2H operating income plans revised downward due to delays in construction as a result of poor weather conditions in the 3Q

- Delays in construction in each of the Housing and Renovation business as a result of poor weather conditions from September to October
- Housing Business: plans for an increase in the number of houses sold mainly in the 4Q; period-end construction structure and system put in place
- Renovation Business: plans for an improvement in the gross profit margin in the 4Q owing mainly to a higher share of strategic products in 3Q orders



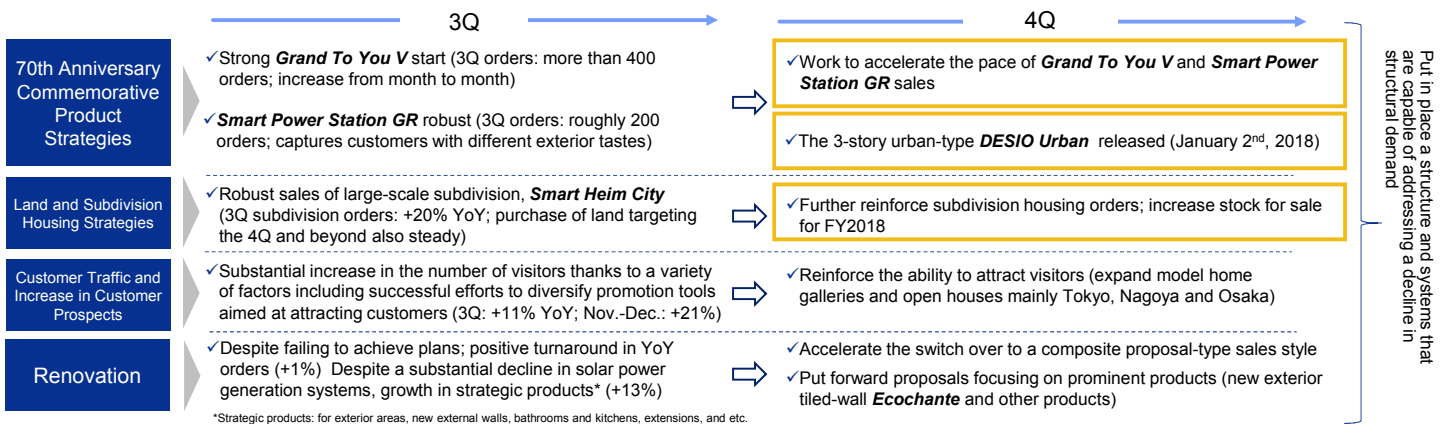
New Housing Orders

Work to achieve 4Q plans by realizing in earnest the effects of measures aimed at securing plan in the 2H; level out sales in FY2018

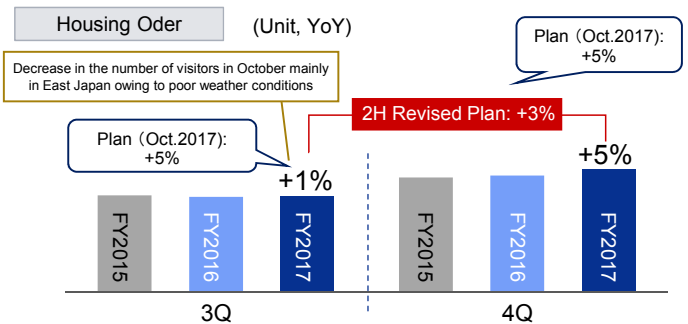
Overview of 3Q Results

- Despite falling short of plans, maintaining their recovery trend
 - Detached houses grew centered on wood-frame houses (+2% YoY)
 - Substantial growth in subdivision housing according to plans (+20% YoY)
 - Substantial decline in housing complexes (-10% YoY)
- No major changes in 4Q market trends compared with the 3Q

Measure to acquire Orders in 2H



2H Housing Order Plan (Revised plan)



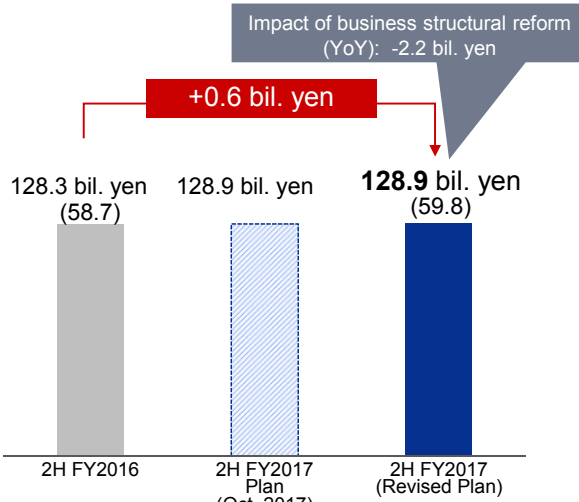
Steady progress in each measures; projected to achieve 2H plans

- Growth strategy: expand sales of prioritized products* against the backdrop of such conditions as Tokyo metropolitan area infrastructure-related demand
- Platform Efficiency: continue with efforts aimed at securing a spread between selling prices and raw material costs; promote the optimization of production capacity
- Overseas Strategy: recovery in demand for aircraft sheets from the 4Q; progress in investments aimed at increasing production (sheets, FFU)

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

Net Sales

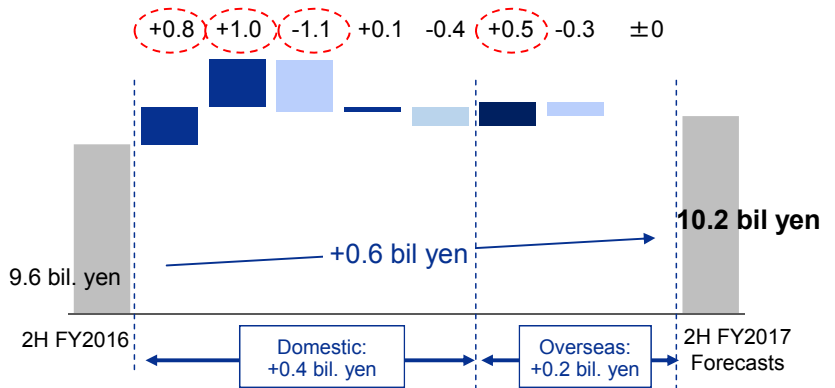
()=3Q Results



• Increased by 2.8 billion yen on the actual basis excluding the impact of business structural reform.

Analysis of Operating Income

	Selling Quantity & Composition	Selling Price	Raw Materials	Cost Reduction and etc.	Fixed Costs	Marginal Profit	Fixed Costs	Foreign Exchange	
2H Plan (Oct. 2017)	+0.7	+1.0	-1.1	+0.5	-0.6	+0.5	-0.4	±0	10.2
3Q FY2017 (3Q FY2016: 3.5)	+0.4	+0.5	-0.5	±0	+0.2	+0.2	-0.2	±0	4.1



Three Strategic Fields and Prioritized Products

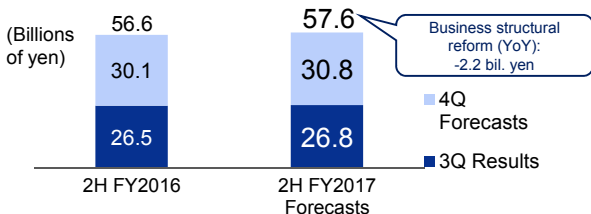
Progress essentially in line with plans in each of the Three Strategic Fields

Steady progress in strategic investments as well as the introduction of new products; progress also in improving the product mix

Sales Trends and 2H Progress in the Three Strategic Fields

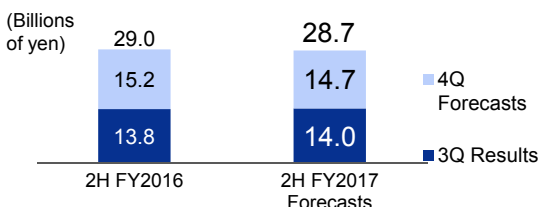
Piping and Infrastructure

- Increase in the number of pipeline rehabilitation orders that employ the SPR method received from local governments in Japan
- Completed equity investment in the TP Group; work to develop the Group's ASEAN business in earnest from the next fiscal period



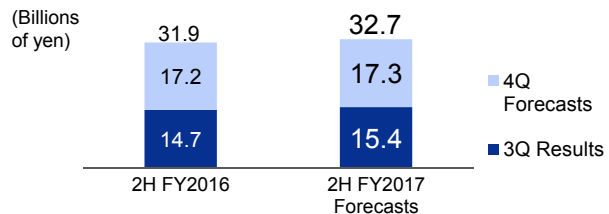
Building and Living Environment

- Progress in introducing new products (designer rain gutters, etc.)
- Expand the capacity of prioritized product supply (functional flooring, etc.)



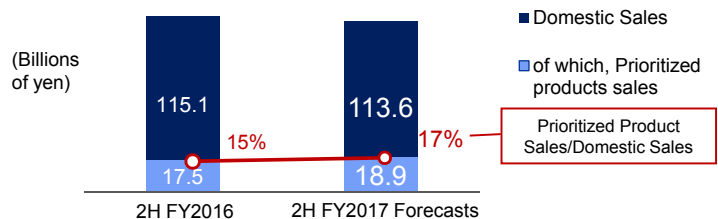
Advanced Materials

- Sheet Business: despite the incidence of gaps in the delivery periods of aircraft sheets, progress in cultivating other fields
- FFU Business: progress essentially in line with plans against the backdrop of growing overseas demand



Prioritized Product Sales

- Steady growth; plans to secure an increase of 1.4 billion yen in the 2H
- Progress in the introduction of new products essentially in line with plans (plans to introduce 14 items in the 2H)



Results for 3Q FY2017

Consolidated Companies

Number of Consolidated Companies

	Mar. 31, 2017	Dec. 31, 2017	Difference
Consolidated Subsidiaries	143	152	Increased: 17 Subsidiaries* ¹ Decreased: 8 Subsidiaries* ²
Affiliates (Equity Method)	8	8	Increased: 0 Subsidiaries Decreased: 0 Subsidiaries

*¹: ENAX, INC with Sekisui Polymatech Co., Ltd., Sekisui SoflanWiz Co., Ltd., and etc.

*²: Includes the integration of three Sekisui Heim Real Estate companies into a single company and four Sekisui Heim Industry companies into a separate single company.

Influence of Change in the Number of Consolidated Companies

	First 9 months of FY2017	Difference
Net Sales	+2.4 bil. yen	<ul style="list-style-type: none"> • Sekisui Film*³ • Nippon No-Dig Technology*⁴ • SEKISUI KNT(HEBEI) ENVIRONMENTAL TECHNOLOGY*⁴
Operating Income	+0.7 bil. yen	<ul style="list-style-type: none"> • Polymatech Japan Co., Ltd. *⁵ and etc.

*³: Removed from consolidation from 2Q FY2016

*⁴: Removed from consolidation from 4Q FY2016

*⁵: Newly Consolidated from 2Q FY2017

Summary of Profit and Loss

(Billions of yen)	First 9 months of FY2016	First 9 months of FY2017	Difference
Net Sales	766.2	791.6	+25.4
Gross Profit	253.9	258.2	+4.3
Gross Profit Rate	33.1%	32.6%	-0.5%
Selling, Gen. and Admin. Expenses	192.4	195.8	+3.4
Operating Income	61.5	62.4	+0.9
Equity in Earnings of Affiliates	1.7	1.3	-0.4
Other Non-operating Income and Expenses	0.5	0.6	0
Ordinary Income	63.7	64.3	+0.6
Extraordinary Income	6.9	2.5	-4.4
Extraordinary Loss	11.0	1.2	-9.9
Income before Income Taxes	59.6	65.6	+6.0
Corporate Income Tax, etc.	18.2	18.5	+0.3
Net Income Attributable to Non-controlling Interests	1.4	2.8	+1.4
Net Income Attributable to Owners of the Parent	39.9	44.3	+4.4
Foreign Exchange (Avg. rate)			
1US\$	107 yen	112 yen	
1€	118 yen	129 yen	

Gain on sales of investments in securities (FY2016)

Loss on devaluation of investments in securities and impact of business structural reform (FY2016)

Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2017	Dec. 31, 2017	Difference
Cash and Deposits	109.9	95.6	-14.3
Account Receivable on Sales	164.1	177.1	+13.0
Inventories	153.6	185.8	+32.3
Other Current Assets	38.6	51.9	+13.3
Tangible Non-Current Assets	261.8	277.9	+16.1
Intangible Non-Current Assets	39.6	53.1	+13.5
Investments in Securities	156.9	180.4	+23.4
Investments & Other Assets	19.3	18.4	-0.8
Total Assets	943.6	1,040.2	+96.6

Increase of land for sale and work in progress of housing

Capital investment and M&A

Purchases and investment in securities, at fair value, and etc.

Influence of Change of Consolidated Companies

+27.4 bil. yen

Foreign exchange

+13.3 bil. yen

Actual basis;
+55.9 bil. yen

Balance Sheets (Liabilities & Net Assets)

(Billions of yen)	Mar. 31, 2017	Dec. 31, 2017	Difference	
Non-Interest-Bearing Liabilities	329.4	345.2	+15.8	
Interest-Bearing Liabilities	43.7	83.8	+40.1	
Total Liabilities	373.1	429.0	+55.9	
Capital Stock etc.	209.2	209.2	0	
Retained Earning	341.0	355.0	+14.0	Net income ▶ 44.3 bil. yen
Treasury Stock	-41.0	-40.0	+1.0	Dividends paid ▶ -18.1 bil. yen
Unrealized Holding Gain on Securities	39.5	51.8	+12.3	Retirement of treasury stock ▶ -12.9 bil. yen
Non-controlling Interests	20.8	25.6	+4.8	
Other Net Assets	1.1	9.7	+8.6	Purchases of treasury stock ▶ -13.3 bil. yen
Total Net Assets	570.5	611.3	+40.7	Retirement of treasury stock ▶ +12.9 bil. yen
Total Liabilities, Net Assets	943.6	1,040.2	+96.6	Translation adjustments ▶ +9.9 bil. yen

Consolidated Cash Flows

(Billions of yen)	First 9 months of FY2016	First 9 months of FY2017	
Operating Activities Cash Flows	59.0	39.0	Working Capital and Increase in corporate tax payment, and etc.
Investing Activities Cash Flows	-14.8	-43.3	
Financing Activities Cash Flows	-37.6	5.6	Purchases of investments in securities and etc.
Net Increase in Cash and Cash Equivalents	6.2	3.7	
Cash and Cash Equivalents at the End of Term	73.3	94.2	
Free Cash Flow =Operating Activities Cash Flows+Investing Activities Cash Flows -Dividends Paid	28.2	-23.2	

Depreciation and Capital Expenditures

(Billions of yen)	First 9 months of FY2016	First 9 months of FY2017	Difference	FY2016	FY2017 Forecasts	Difference
Depreciation	25.7	26.8	+1.1	34.8	37.0	+2.2
Capital Expenditures	30.2	37.0	+6.8	43.9	56.0	+12.1

FY2017 Forecasts

(Billions of yen)	FY2016	FY2017 Forecasts	Difference	FY2017 Plan (Oct. 2017)
Net Sales	1,065.8	1,114.0	+48.2	1,114.0
Operating Income	96.5	102.0	+5.5	102.0
Ordinary Income	91.5	101.0	+9.5	101.0
Net Income Attributable to Owners of the Parent	60.9	67.0	+6.1	67.0
Dividend per Share (Yen)	35*	38*	+3	38*

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

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.

*For charts and graphs in this presentation material 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		FY2017				FY2016				FY2015 Annual
		1H	3Q	2H (plan)	Annual (plan)	1H	3Q	2H	Annual	
CONSOLIDATED	Net Sales (Billions of yen)	244.4	101.3	253.1	497.5	237.7	103.5	247.3	485.0	473.4
	Housing	167.3	66.0	173.4	340.7	161.4	67.4	169.3	330.7	318.5
	Renovation	47.4	21.0	48.6	96.0	48.3	22.3	48.6	96.9	100.4
	Frontier (Domestic)	28.7	13.9	30.2	58.9	27.2	13.3	28.3	55.5	51.8
	Real estate	23.9	11.7	25.2	49.1	22.7	11.2	23.6	46.3	42.8
	Residential Services	4.7	2.2	5.1	9.8	4.4	2.1	4.7	9.2	9.0
	Overseas	1.0	0.4	0.9	1.9	0.8	0.4	1.0	1.9	2.7
OTHERS	1. Number of houses sold (Housing units)	6,850	2,380	7,140	13,990	6,620	2,470	7,000	13,620	13,380
	Detached houses	4,920	1,950	5,050	9,970	4,740	2,030	4,820	9,560	9,410
	Heim	4,180	1,590	4,070	8,250	3,790	1,630	3,980	7,770	7,460
	Two-U	740	360	980	1,720	950	400	840	1,790	1,950
	Apartments (housing complex)	1,930	430	2,090	4,020	1,880	440	2,180	4,060	3,970
	2. Main data									
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	31.0	31.2	-	-	30.4	31.0	30.8	30.6	30.3
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	832	838	-	-	818	828	826	822	806
	Floor space (Square meter)	123.0	122.8	-	-	122.7	123.5	123.0	122.9	124.1
	Exhibition places (Units)	416	419	-	419	412	416	-	414	413
	Sales staff (Number of person)	2,495	2,432	-	2,375	2,522	2,431	-	2,370	2,395
	Rebuilding ratio (%)*	28%	28%	30%	29%	30%	30%	30%	30%	27%
	Referral sales ratio (%)*	32%	33%	32%	32%	37%	35%	34%	35%	38%

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

Housing Company Results and Plan

2. Housing orders		FY2017				FY2016				FY2015		
(Millions of yen)		1H	3Q	2H (plan)	Annual (plan)	1H	3Q	2H	Annual	1H	2H	Annual
Year-start Backlog		206,000	207,800	207,800	-	205,500	207,500	207,500	-	204,300	205,500	-
Growth Rate		±0%	±0%	±0%	-	+1%	+1%	+1%	-	-12%	-8%	-
New Orders		202,957	92,818	209,217	412,174	202,457	93,917	207,529	409,987	199,914	204,391	404,304
Growth Rate		±0%	-1%	+1%	+1%	+1%	-4%	+2%	+1%	-5%	+5%	±0%
Sales of Housing/Renovation		201,157	80,618	207,517	408,674	200,457	85,217	209,029	409,487	198,714	204,391	403,104
Growth Rate		±0%	-5%	-1%	±0%	+1%	±0%	+2%	+2%	-9%	-4%	-7%
Balance at the end		207,800	220,000	209,500	-	207,500	216,200	206,000	-	205,500	205,500	-
Growth Rate		±0%	+2%	+2%	-	+1%	-1%	±0%	-	-8%	+1%	-

3. Housing starts		FY2017				FY2016				FY2015 Annual
(Units)		1H	3Q	2H (plan)	Annual (plan)	1H	3Q	2H	Annual	
Housing starts*		496,840	239,500	453,000	950,000	500,151	250,696	473,986	974,137	920,537
Privately-owned houses* (included in above) =A		148,266	72,500	142,000	290,000	152,836	75,929	138,947	291,783	284,441
Sales by our company		6,850	2,380	7,140	13,990	6,620	2,470	7,000	13,620	13,380
Detached house sales by our company=B		4,920	1,950	5,050	9,970	4,740	2,030	4,820	9,560	9,410
Our share in Detached houses=B/A		3.3%	2.7%	3.6%	3.4%	3.1%	2.7%	3.5%	3.3%	3.3%

The housing starts and "Privately-owned houses" after 1H of FY2017 are based on forecasts.

4. The ratio of the houses equipped with the high-performance specifications		FY2017				FY2016				FY2015 Annual
		1H	3Q	2H (plan)	Annual (plan)	1H	3Q	2H	Annual	
Solar power generation systems installed		75%	72%	73%	74%	77%	78%	78%	78%	79%
Tiled exterior walls (Heim type JX)		71%	70%	72%	72%	67%	68%	68%	67%	66%
Storage battery installed		21%	19%	20%	21%	21%	24%	27%	24%	25%
Comfortable Air System		75%	73%	74%	75%	73%	74%	77%	75%	70%