

Presentation Meeting on the Financial Results for the First Quarter of FY2011

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SEKISUI CHEMICAL CO., LTD.

28 July, 2011

Summary of Profit and Loss

(Billions of yen)

	FY2011		FY2010		Difference	
	1Q	1H (Forecast)	1Q	1H	1Q	1H
Net Sales	213.7 (45%)*	472.0	196.3 (44%)**	446.2	17.4	25.8
Operating Income	5.6	23.0	0.9	20.2	4.6	2.8
Recurring Income	4.7	23.0	-0.3	20.5	5.0	2.5
Net Income	-0.6	11.0	-3.0	8.9	2.4	2.1

* 1Q of FY2011 / 1H of FY2011 Forecast

** 1Q of FY2010 / 1H of FY2010



Net Sales and Operating Income by Company

(Billions of yen)

	FY2011				FY2010				Difference			
	1Q		1H (Forecast)		1Q		1H		1Q		1H	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Housing	95.7 (44%)*	2.3	220.0	13.0	86.0 (41%)**	-0.6	208.1	11.8	9.8	2.9	11.9	1.2
UIEP***	41.7 (45%)*	-1.3	92.0	-1.0	37.5 (42%)**	-3.2	89.2	-2.5	4.2	1.9	2.8	1.5
HPP****	72.5 (47%)*	4.7	153.0	11.5	68.2 (49%)**	5.3	139.9	11.3	4.3	-0.6	13.1	0.2
Others	9.3	-0.5	21.0	-0.6	9.7	-0.5	21.6	-0.2	-0.4	0	-0.6	-0.4
Eliminations or Unallocatable Accounts	-5.5	0.4	-14.0	0.1	-5.1	0	-12.6	-0.2	-0.4	0.4	-1.4	0.3
Total	213.7 (45%)*	5.6	472.0	23.0	196.3 (44%)**	0.9	446.2	20.2	17.4	4.6	25.8	2.8

* 1Q of FY2011 / 1H of FY2011 Forecast, ** 1Q of FY2010 / 1H of FY2010,

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



Overview for the 1Q and Forecast for the 1H

Highest operating income for the 1H since introducing the internal company system

1. Most repercussion from the disaster have subsided (as of the end of 1Q)

- i. Material supplies are stable, price spikes have subsided, housing material procurement difficulties are resolved
- ii. Supply chain issues that restricted supply are quickly being resolved
- iii. Concern remains that nationwide power shortages could limit production activity

2. Profits grew in 1H as higher volume and improved sales mix expanded marginal profit

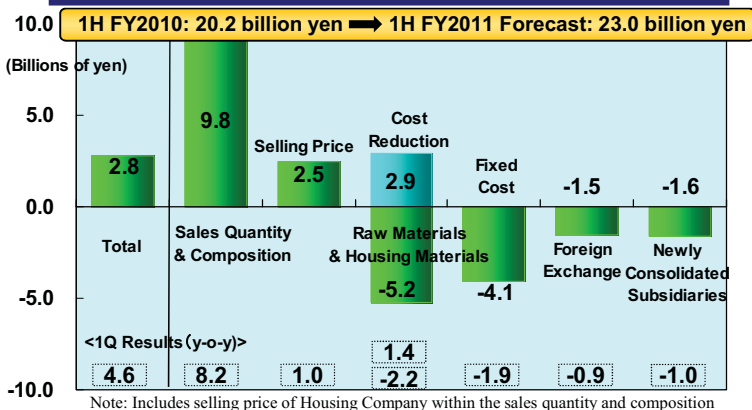
- i. Leveling efforts for housing sales are progressing
- ii. Domestic core businesses (housing and PVC products) captured urgent reconstruction-related demand in 1Q. But the scale remained limited, full-fledged reconstruction demand is expected to start in 2H.
- iii. Frontier 7 businesses* successfully captured growth demand, particularly in Asia

* "Frontier 7" Businesses: HPP's automotive materials (AT), IT-related materials (IT), and medical products (MD); UIEP's pipeline renewal business, water infrastructure business (overseas), and performance materials business; and the Housing Company's living environment business.

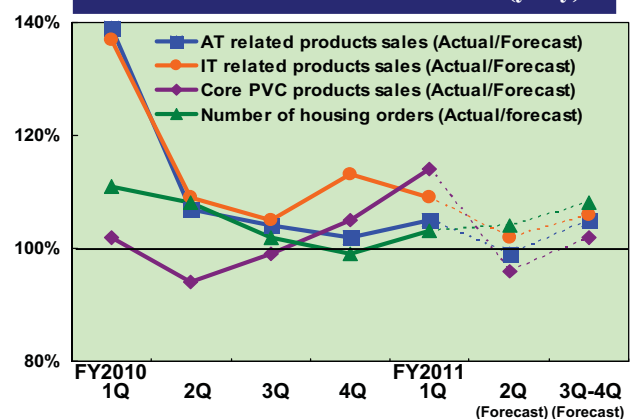
3. Steady progress with FY2011 key initiatives

- i. Temporary housing supply nearly at an end. PVC pipe supply structure secured
- ii. Progress made fortifying strategic businesses: IT-related business expanded with the acquisition of Suzutora Corporation (April)
- iii. Progress made developing the value chain and global operations: Comprehensive alliance commences with Swing Corporation (June), Decision to invest in housing business production capacity expansion in Thailand (July)

Analysis of Operating Income for the 1H of FY2011 Forecast (y-o-y)



Sales and Orders in Main Business (y-o-y)





Expected Impact of Earthquake Damage (As of the End of 1Q)

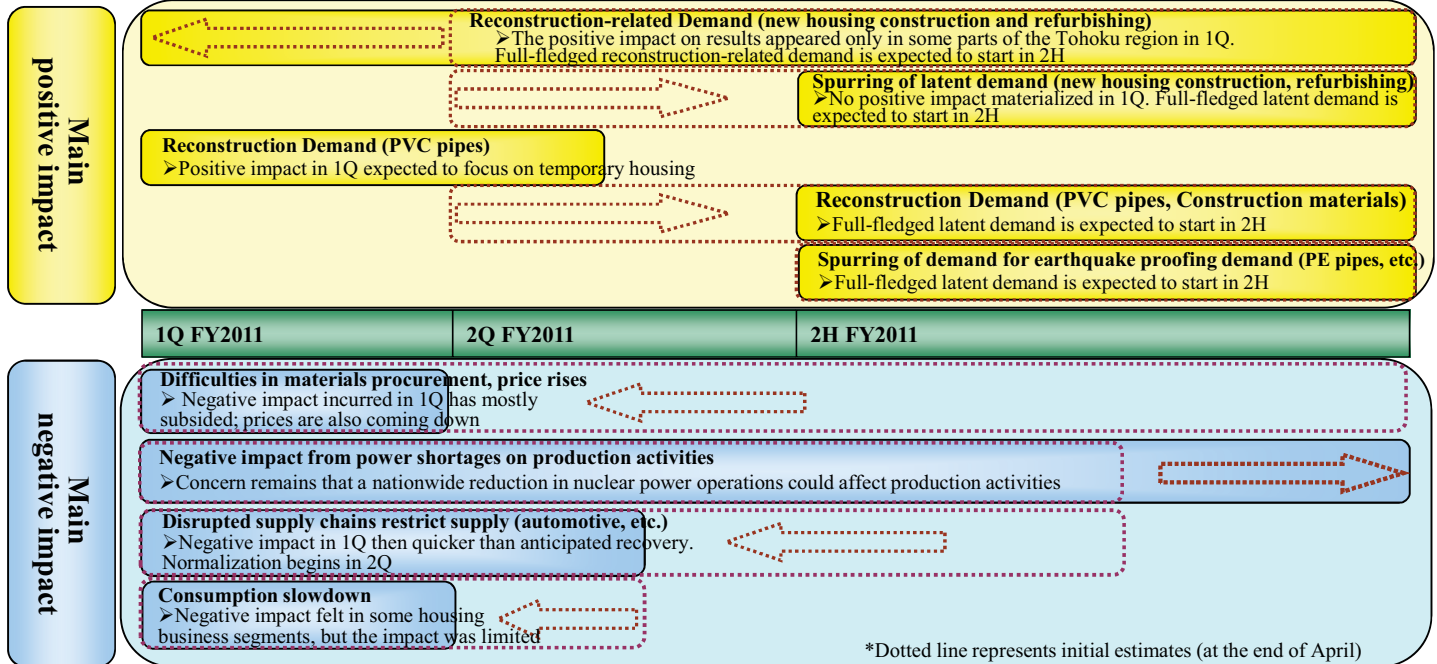
■ Raw materials, supply chain and other problems are mostly resolved. The earthquake's overall negative impact was less than initially anticipated

■ Lack of a government policy has delayed development of reconstruction-related demand; full-fledged demand is expected to start in 2H

Impact on Net Sales (1H Forecast)
HPP: -1.8 billion yen
UIEP: +1.7 billion yen
Housing:
A negligible impact

Contingency policies for potential risk

1. Install in-house power generation equipment (at some production bases)
2. Implement off-peak measures, such as changing operating shifts (at some production bases)
3. Stockpile inventories of products for which demand is expected to increase (PVC pipes)



Market and Business Risk

Market

- In 1Q, temporary worsening in Japan due to consumer confidence drop, restricted supply, etc. But, recovery is expected to begin accelerating in 2Q
- Gradual recovery trend continues in United States
- Gradual recovery along with fiscal concerns in Europe
- Ongoing high growth in developing countries, particularly in Asia

Business Risk

- Procurement difficulties and price spikes occurred for some materials, but these resolved by the end of 1Q. Conditions and prices expected to stabilize and remain steady beginning in 2Q
- The yen remained strong versus the dollar and euro in 1Q, and we expect further strengthening in 2Q or later

Progress and Forecast on Main Businesses

	Business Field	Progress in 1Q Plan	Forecast for the 2Q or later
Global Businesses	Automobile Field	Growing global demand, led by developing countries, should offset the impact from adjustments to domestic auto output	-Demand is expected to recovery as domestic auto production normalizes -Brisk global demand is expected, particularly in developing countries
	IT & Electronics Material Field	-Some clients were stockpiling inventories of liquid crystal-related materials (until May 2011) -Strong demand, centered on materials for small- and medium- sized LCDs	-Demand backlash for liquid crystal-related materials expected in 2Q -Strong demand is expected, centered on materials for small and medium sized LCDs
	Medical Field	Sales growth stalls partially from drop in diagnostic reagent demand in disaster-stricken areas	-Earthquake impact gradually receding -Expanding sales of diagnostic devices. Accelerating development of overseas business with an aim to spur a sales rebound
	Pipeline Renewal Field	Fortified value chain structure, mainly in Europe and United States (production, sales, construction)	Expand orders as a comprehensive builder through construction subsidiaries and tie-up partners
Domestic Businesses	Water Infrastructure Field	-Reconstruction and temporary demand generated a YoY volume rise -Product price rises enforced (beginning in May)	-Backlash from 1Q temporary demand expected in 2Q -Full-fledged reconstruction-related demand is expected to begin in 2H
	Housing Field	-Consumption weakened, but 1Q orders slightly exceeded our plan -Reconstruction-related demand appeared only in some parts of the Tohoku region	-A certain degree of demand surge is expected in 2Q ahead of an anticipated downscaling of government (housing subsidy) policies -Full-fledged reconstruction-related demand is expected to begin in 2H

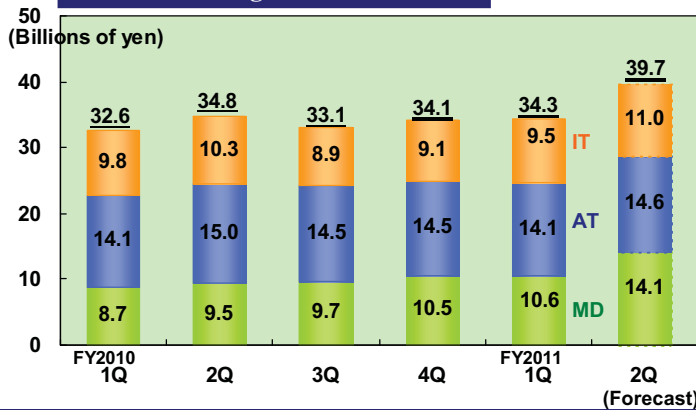
Progress for 1H

Strengthening strategic and overseas businesses

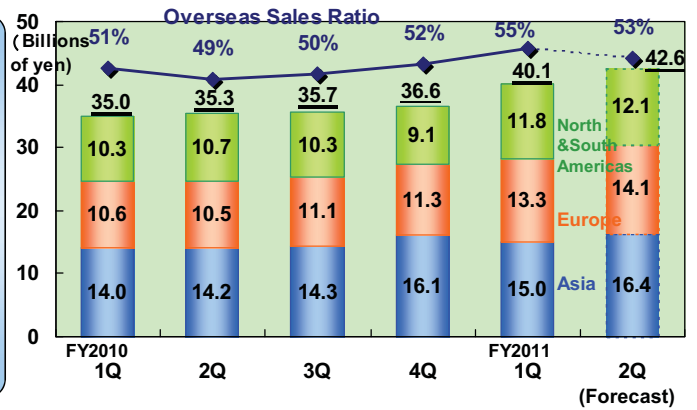
< Overview for the 1Q >

- IT:** Advance shipments of liquid-crystal-related materials due to earthquake impact
Reinforce the ITO film business (Suzutora Corporation acquisition)
- AT:** Exporting interlayer film to developing countries and other measures offset the negative impact from the reduced auto output, mainly in Japan
- MD:** Earthquake impact cause domestic MD sales growth to stall
Mobilize Sekisui Diagnostics for full-fledged development of overseas operations

Sales in Strategic Business Fields

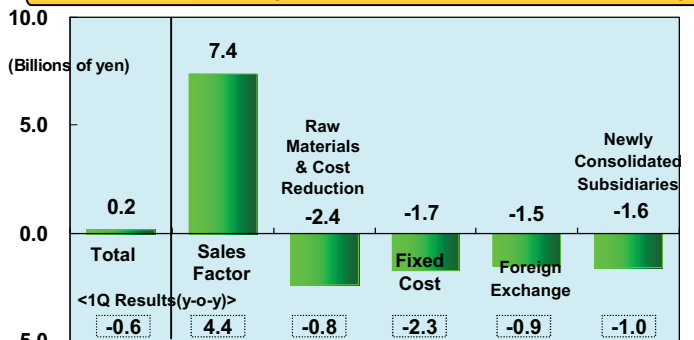


Overseas Sales



Analysis of Operating Income for the 1H of FY2011 Forecast (y-o-y)

1H FY2010: 11.3 billion yen → 1H FY2011 Forecast: 11.5 billion yen

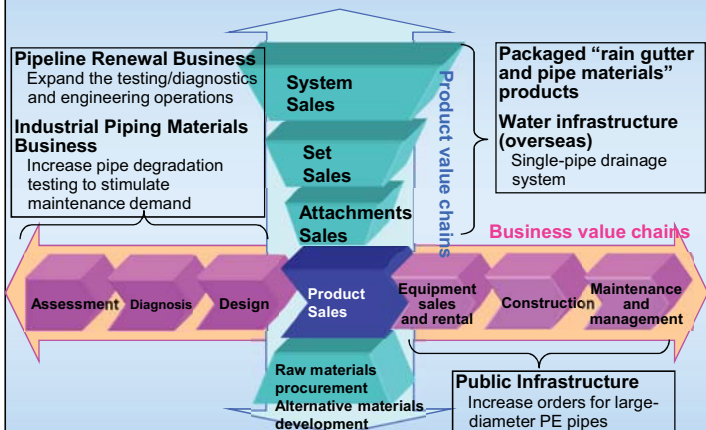


Progress for 1H

1. Participate in post-earthquake reconstruction

- Dispatch a full-time reconstruction team to the stricken areas
 - Assess damage, arrange projects, and supply materials
- Establish a stable supply systems for materials and products
 - All production bases in Hokkaido, Shiga, Kyushu are providing supply support to areas in northeastern Japan

2. Create value chains in all businesses



3. Mobilize diverse capabilities

Began alliance with Swing Corporation to attract combined pipeline/treatment facility project orders in the domestic and overseas water supply and sewerage businesses (beginning in June 2011)

4. Solidify the revenue base

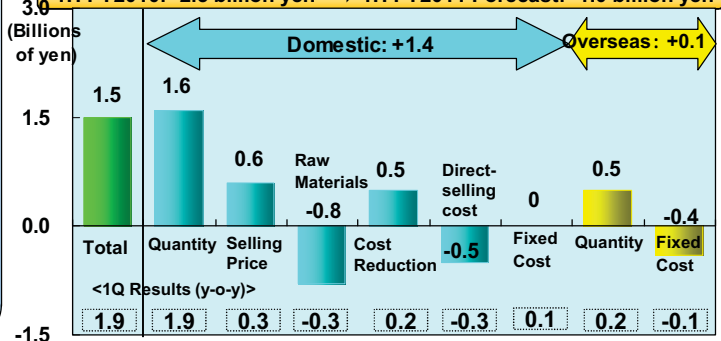
Implemented product price rises to correspond with the higher materials costs (May)

Net Sales and Operating Income by Business Portfolio

(Billions of yen)	FY2011		Difference		
	1Q	1H (Forecast)	1Q	1H	
Core Business	Net Sales	22.5	49.5	1.6	1.7
	Operating Income	0.4	1.1	0.8	0.6
F7 (domestic)	Net Sales	10.1	23.6	2.1	3.1
	Operating Income	-0.6	-0.2	0.7	0.8
F7 (overseas)	Net Sales	5.8	14.4	0.4	1.1
	Operating Income	-0.8	-0.5	0.1	0.1

Analysis of Operating Income for the 1H of FY2011 Forecast (y-o-y)

1H FY2010: -2.5 billion yen → 1H FY2011 Forecast: -1.0 billion yen



Progress for 1H

1. Participate in post-earthquake reconstruction

- Temporary housing supply nearing an end
- Procurement difficulties have been resolved for some components. Other factors raising prices have been mostly resolved
- Currently under consideration: response to the damaged Sekisui Chemical OB residence and policy for the affected areas (special pricing)

2. Progress of FY2011 key initiatives

- Hiring of new recruits to expand sales staff completed (300 in the housing business, 70 in the refurbishing business)

Housing Order

<Market conditions >

- 1Q** Reconstruction-related demand appeared only in some parts of the Tohoku region. Lingering hesitance to consume in other areas
- 2Q** -Market conditions are expected to improve somewhat from 1Q
-A certain degree of rush demand before government (housing subsidy) policies expire is expected to boost consumer confidence

1. 1Q housing orders were slightly better than planned

- Housing order: +3% (1Q), 2Q Plan +5% (y-o-y)
- Increasing in replacement construction demand, particularly in eastern Japan. Expanding demand for homes with large-capacity solar power generation systems

Revised Housing Order Plan for 1H: +4%(y-o-y)

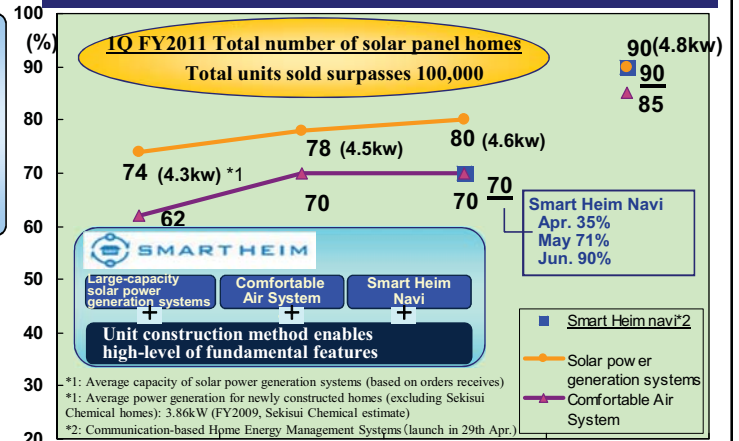
2. Plan to acquire more order in 2Q or later

- Expand sales of maximum energy-efficiency "Smart Heim" series of homes
- Sales launch of the definitive edition of the New Crescasa with perceivable cost performance (July)
- Ongoing progress integrating sales and production operations in the Tokyo, Chubu, Kinki regions

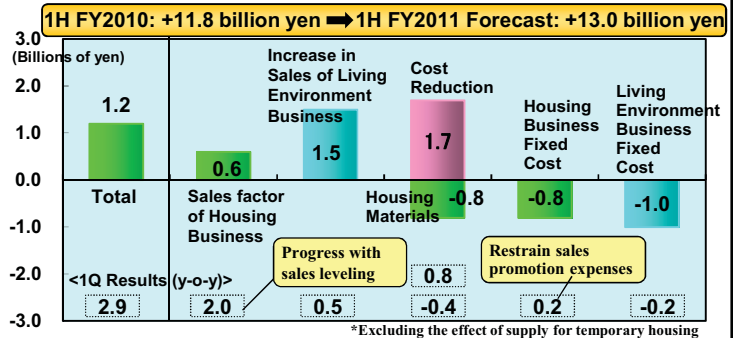
3. Living environment business sales slowed somewhat in 1Q after the earthquake but expected to recover within 1H

- Sales in 1Q: +6%, Sales in 1H (Forecast): +8% (y-o-y)

Percentages of Homes with High-performance Options



Analysis of Operating Income for the 1H of FY2011 Forecast (y-o-y)



Financial Results
for the First Quarter of FY2011

Hideo Tagashira

Managing Executive Officer

Responsible for Corporate Finance & Accounting Department


Number of Consolidated Companies

	June 30, 2011	March 31, 2011	Difference
Consolidated Subsidiaries	159	155	Sekisui Diagnostics (Former Genzyme Corporation, Diagnostic reagents business) Suzutora Corporation (ITO film for touch panels business), etc.
Affiliates Equity Method	8	8	-

Influence of Change in the Number of Consolidated Companies

(Billions of yen)

Net Sales	+3.3	Sekisui Diagnostics*
Operating Income	-1.0	Suzutora Corporation*

*Newly consolidated from the first quarter of FY2011


Summary of Profit and Loss

(Billions of yen)

	1Q of FY2011	1Q of FY2010	Difference
Net Sales	213.7	196.3	17.4
Gross Income of Sales	63.0	56.4	6.6
Gross Income Rate	29.5%	28.7%	0.8%
Selling, Gen. and Admin. Expenses	57.4	55.4	2.0
Operating Income	5.6	0.9	4.6
Investment Income by Equity Method	-0.4	-0.1	-0.3
Other Non-operating Income and Expenses	-0.5	-1.2	0.7
Recurring Income	4.7	-0.3	5.0
Extraordinary Loss	1.9	0.2	1.7
Income before Income Taxes	2.7	-0.6	3.3
Corporate Income Tax etc.	3.1	2.4	0.8
Income for Minority Shareholders	0.2	0	0.1
Net Income	-0.6	-3.0	2.4

 Dividend
Income: 0.5

 Loss on
Impairment of
Fixed Assets
and Goodwill:
1.8

*Excluding the contribution from newly consolidated subsidiaries


Consolidated Cash Flows

(Billions of yen)

	1Q of FY2011	1Q of FY2010
Operating Activities Cash Flows	8.4	1.2
Investing Activities Cash Flows	-33.4*	-9.0
Financing Activities Cash Flows	2.1	-9.6
Net Increase (Decrease) in Cash and Cash Equivalents	-22.0	-17.7
Cash and Cash Equivalents at the End of Term	44.3	37.7
Free Cash Flow =Operating Activities Cash Flows +Investing Activities Cash Flows -Dividends Paid	-29.3	-10.5

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


Balance Sheets (Assets)

(Billions of yen)

	June 30, 2011	March 31, 2011	Difference
Cash and Deposits	60.9	75.0	-14.2
Account Receivable on Sales	143.7	148.0	-4.3
Inventories	132.0	117.9	14.2
Other Current Assets	33.8	38.7	-4.9
Tangible Fixed Assets	243.0	236.3	6.8
Intangible Fixed Assets	56.9	29.8	27.1
Investment Securities	102.6	105.3	-2.7
Investment & Other Assets	40.5	39.3	1.2
Total Assets	813.3	790.2	23.2

UIEP: 5.4

Newly Consolidated Subsidiaries: 4.5

Newly Consolidated Subsidiaries: 7.0

Newly Consolidated Subsidiaries: 27.7


Balance Sheets (Liabilities & Net Assets)

(Billions of yen)

	June 30, 2011	March 31, 2011	Difference
Non-Interest-Bearing Liabilities	325.5	315.6	9.9
Interest-Bearing Liabilities	138.6	124.5	14.0
Total Liabilities	464.1	440.1	23.9
Capital Stock etc.	209.3	209.3	0
Retained Earning	167.8	172.7	-4.9
Treasury Stock	-13.0	-13.0	0
Unrealized Holding Gain on Securities	-9.8	-8.2	-1.6
Minority Shareholders' Interests	9.9	9.7	0.2
Other Net Assets	-14.9	-20.4	5.5
Total Net assets	349.3	350.0	-0.8
Total Liabilities, Net assets	813.3	790.2	23.2

Bond Issue: 10.0

Net Income: -0.6

Dividends Paid: -4.2

Foreign Currency Translation Adjustment: 5.5


Depreciation and Capital Expenditures

(Billions of yen)

	FY2011		FY2010		Difference	
	1Q	Annual (Plan)	1Q	Annual	1Q	Annual
Depreciation	8.2	35.0	8.3	34.5	-0.1	0.5
Capital Expenditures	6.8	36.0*	5.6	25.3	1.2	10.7

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

(Billions of yen)

	1H of FY2011 (Forecast)	1H of FY2010	Difference
Net Sales	472.0	446.2	25.8
Operating Income	23.0	20.2	2.8
Recurring Income	23.0	20.5	2.5
Net Income	11.0	8.9	2.1

Disclaimer : This presentation may contain forward-looking statements. Such forward-looking statements are based on current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements due to changes in global economic, business, competitive market and regulatory factors.

Housing Company Results and Plan

1. Main data in Housing business

		FY2011		FY2010		
		1Q	1H (Forecast)	1Q	1H	2H
CONSOLIDATED	Net Sales (Billions of yen)	95.7	220.0	86.0	208.1	210.6
	Housing	67.7	156.5	59.4	149.5	151.5
	Houses	63.2	148.2	56.3	142.7	144.9
	Land	4.5	8.3	3.2	6.8	6.6
	Living environment	28.0	63.5	26.6	58.6	59.1
	Refurbishing	18.8	44.2	18.2	40.9	41.0
	Interior-Exterior	1.2	3.1	1.2	3.0	2.7
	Real estate	8.0	16.2	7.2	14.7	15.4
OTHERS	1. Number of houses sold (Housing units)	2,665	6,350	2,280	6,020	6,600
	Detached houses	2,215	5,200	1,950	4,900	4,950
	Heim	1,740	4,200	1,610	4,090	3,980
	Two-U	475	1,000	340	810	970
	Apartments	450	1,150	330	1,120	1,650
	2. Main data					
	Prices<Sales subsidiaries : Detached houses>/ Unit (Millions of yen)	29.8	-	29.3	29.9	29.8
	Prices<Sales subsidiaries : Detached houses>/ Tsubo (3.3 Square meter) (Thousands of yen)	768	-	757	763	772
	Floor space (Square meter)	128.1	-	127.8	129.5	127.5
	Exhibition places (Units)	391	391	392	384	-
	Sales staff (Number of person)	2,354	2,300	2,259	2,217	-
	Rebuilding ratio (%)	38%	38%	31%	31%	33%
Referral sales ratio (%)	39%	39%	37%	37%	38%	

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

2. Housing orders

(Millions of yen)

	FY2011		FY2010			FY2009	
	1Q	1H (Forecast)	1Q	1H	2H	1H	2H
Backlogs at beginning	171,800	-	148,600	-	166,000	136,100	140,600
Growth Rate	+16%	-	+9%	-	+18%	-11%	-12%
New Orders	91,287	209,892	87,275	200,766	194,377	180,754	189,225
Growth Rate	+5%	+5%	+13%	+11%	+3%	-8%	+11%
Sales of houses	83,187	195,492	72,875	183,366	188,577	176,254	181,225
Growth Rate	+14%	+7%	+8%	+4%	+4%	-8%	-6%
Balance at the end	179,900	186,200	163,000	166,000	171,800	140,600	148,600
Growth Rate	+10%	+12%	+12%	+18%	+16%	-12%	+9%

3. Housing starts

(in number of unit)

	FY2011		FY2010		
	1Q	1H (Forecast)	1Q	1H	2H
Housing starts*	198,783	380,000	195,167	407,885	411,125
Privately-owned houses* (included in above) =A	74,082	150,000	75,395	159,282	149,236
Sales by our company	2,665	6,350	2,280	6,020	6,600
Detached house sales by our company=B	2,215	5,200	1,950	4,900	4,950
Our share in Detached houses=B/A	3.0%	3.5%	2.6%	3.1%	3.3%

The housing starts and *Privately-owned houses* after 1Q of FY2011 are based on a forecast.

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

	FY2011		FY2010		
	1Q	1H (Forecast)	1Q	1H	2H
Solar power generation systems installed	80%	85%	78%	80%	77%
Tiled exterior walls (Heim type JX)	59%	63%	59%	59%	62%
All-electric housing	89%	93%	92%	92%	92%
Comfortable Air System	70%	75%	70%	68%	77%