



Presentation of Financial Results for the First Quarter of FY2013

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Director

Managing Executive Officer

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SEKISUI CHEMICAL CO., LTD.

30 July, 2013



Summary of Profit and Loss

(Billions of yen)

	1Q FY2013	1Q FY2012*	Difference
Net Sales	242.5	259.9	-17.4
Operating Income	10.0	5.7	4.3
Ordinary Income	12.6	4.4	8.2
Net Income	6.9	2.0	4.8

Overseas Subsidiaries Jan-Mar 2012 Results
37.7
0.5

*1Q FY2012 Results: Overseas subsidiary actual results for the 6-month period from January to June 2012
(Overseas subsidiary fiscal year ends were revised to March in FY2012.)

Average exchange rate

yen/US\$	99	80	19
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Net Sales and Operating Income by Company

(Billions of yen)

	FY2013				FY2012				Difference				Overseas Subsidiaries Jan-Mar 2012 Results	
	1Q Results		1H Plan*1 (Original)		1Q Results*2		1H Results*3		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	109.1	5.7	243.0	19.0	106.1	4.4	231.8	16.8	3.0 (3.0)	1.3 (1.3)	11.2 (11.2)	2.2 (2.2)	-	-
UIEP*5	46.2	-2.5	109.0	0.5	45.2	-3.1	99.9	-2.0	1.0 (5.9)	0.5 (-0.2)	9.1 (14.0)	2.5 (1.8)	4.9	-0.7
HPP*6	83.4	7.6	162.0	13.5	104.7	5.1	177.7	11.2	-21.3 (11.4)	2.5 (3.8)	-15.7 (17.0)	2.3 (3.6)	32.7	1.3
Others	9.1	-0.7	20.0	-1.0	9.2	-0.6	19.0	-0.9	-0.2 (0)	-0.1 (-0.1)	1.0 (1.2)	-0.1 (-0.1)	0.2	0
Eliminations or Unallocatable Accounts	-5.3	-0.1	-14.0	-0.5	-5.4	-0.1	-12.3	-0.2	0.1 (0.1)	0 (0)	-1.7 (-1.7)	-0.3 (-0.4)	0	-0.1
Total	242.5	10.0	520.0	31.5	259.9	5.7	516.0	25.0	-17.4 (20.4)	4.3 (4.8)	4.0 (41.7)	6.5 (7.0)	37.7	0.5

*1 The initial forex assumptions at the start of 1H FY2013 were ¥90/US\$ and ¥124/€

*2 1Q FY2012 Results: Overseas subsidiary results represent the 6-month period from January to June 2012

*3 1H FY2012 Results: Overseas subsidiary results represent the 9-month period from January to September 2012

*4 Figures represent the changes when excluding the January–March 2012 contributions of overseas subsidiaries

*5 Urban Infrastructure & Environmental Products Company, *6 High Performance Plastics Company



Net Sales and Operating Income by Company

(Billions of yen)

	1H FY2013* ¹ (Forecasts)		1H FY2012 Results* ²		Difference		1H FY2013 (Original Plan)		Overseas Subsidiaries Jan–Mar 2012 Results	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Housing	243.0	19.0	231.8	16.8	11.2 (11.2)	2.2 (2.2)	243.0	19.0	-	-
UIEP	109.0	0.5	99.9	-2.0	9.1 (14.0)	2.5 (1.8)	109.0	0.5	4.9	-0.7
HPP	170.0	15.0	177.7	11.2	-7.7 (25.0)	3.8 (5.1)	162.0	13.5	32.7	1.3
Others	20.0	-1.0	19.0	-0.9	1.0 (1.2)	-0.1 (-0.1)	20.0	-1.0	0.2	0
Eliminations or Unallocatable Accounts	-14.0	-0.5	-12.3	-0.2	-1.7 (-1.7)	-0.3 (-0.4)	-14.0	-0.5	0	-0.1
Total	528.0	33.0	516.0	25.0	12.0 (49.7)	8.0 (8.5)	520.0	31.5	37.7	0.5

*1 Forex rate assumptions for the 2Q FY2013 forecasts are ¥101/US\$ and ¥124/€

*2 1H FY2012 Results: Overseas subsidiary results represent the 9-month period from January to September 2012

*3 Figures represent the changes when excluding the January–March 2012 contributions of overseas subsidiaries



FY2013 Plan

■ Domestic core businesses: fully harness the demand growth

1Q FY2013 Housing Order: +11% YoY, 1Q FY2013 UIEP domestic sales: +10% YoY

■ Global strategic businesses: broaden sales of competitive products in growth fields and markets

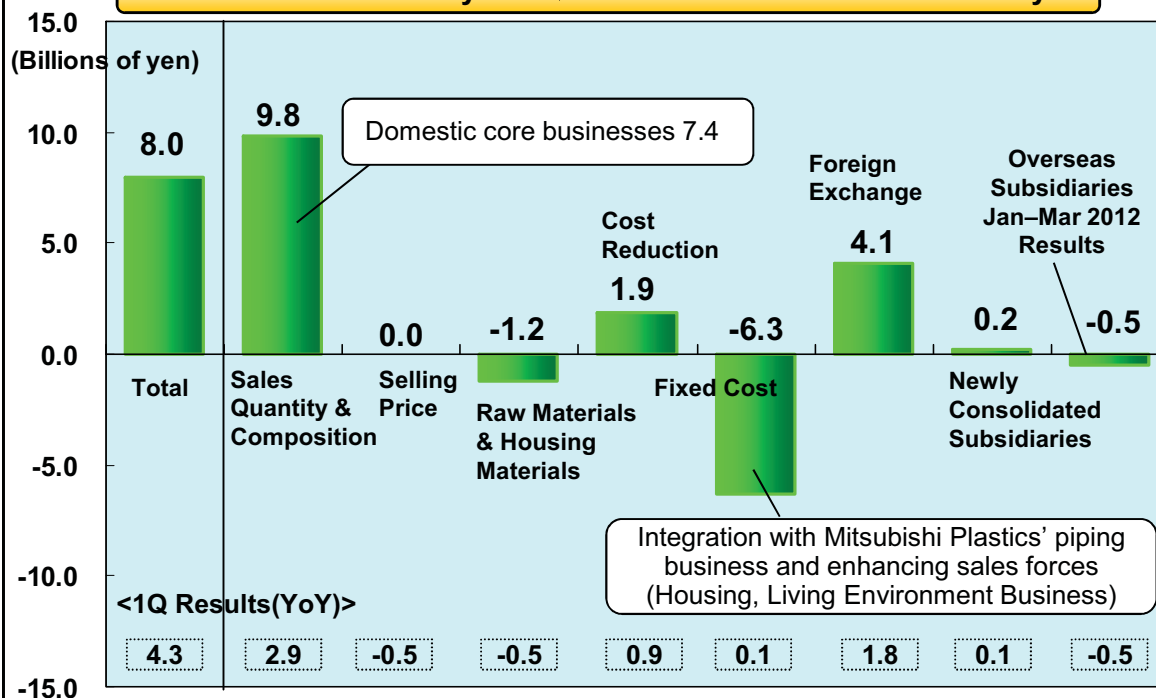
1Q FY2013 mobile solutions business sales: +62% YoY

■ Realize return on strategic investments

■ Respond changing business conditions (post-tax hike)

Analysis of Operating Income for the 1H FY2013 Forecast (YoY)

1H FY2012: 25.0 billion yen → 1H FY2013 Forecast: 33.0 billion yen



Progress with FY2013 Priority Measures

	Domestic Core Business	Global Strategic Business
Growth Strategy	<ul style="list-style-type: none"> Surpassed 4,000 units orders for Shin Smart Heim with built-in storage batteries (Housing) Launching the next-generation Zero Energy House ("Mirai Class") 	<ul style="list-style-type: none"> Advancing the diagnostic equipment business in Europe and the US (MD field) Expanding business in India and ASEAN (AT field, CPVC) Commencing mass production factory operations in Thailand (Housing) Expanding the water infrastructure business in Asia (Water Infrastructure Business Overseas)
Strengthen Core Business and Response to demand trends	<ul style="list-style-type: none"> Activating effects of the Mitsubishi Plastics' piping business integration (Water Infrastructure Business) Enhancing sales forces (Housing, Living Environment Business) 	<ul style="list-style-type: none"> European business structural reform is currently under way (Pipeline Renewal Business) Advancing activities to showcase key parts specifications to makers globally (mainly in IT fields)



Market Conditions

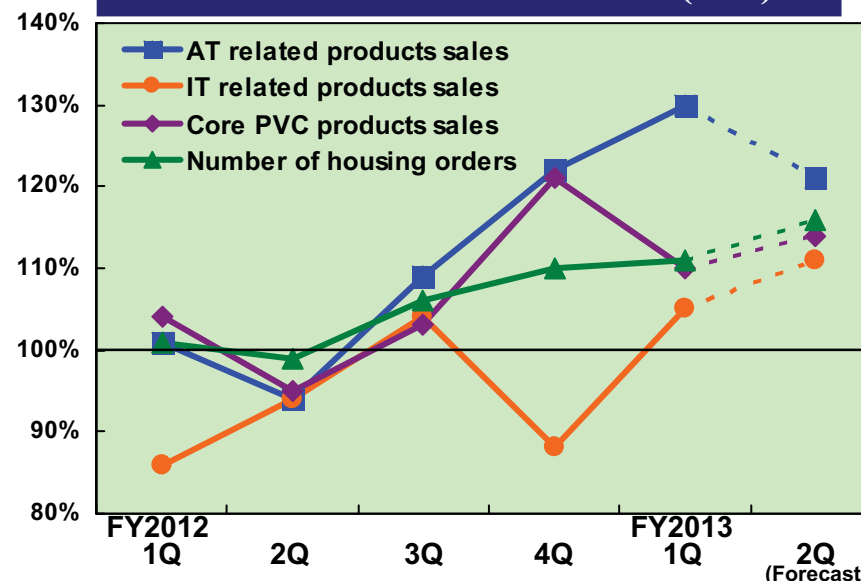
Market Trend

- Japan: Improving business confidence (higher stock prices, weaker yen, increased consumer spending), strong housing starts, increased public works business
- Europe: Persisting weak regional demand and lingering fiscal and political risk
- US: Continuing recovery in business conditions supported by improving consumption, production, employment, etc.
- Asia and emerging countries: Overall sense of slowing growth, particularly in China

Foreign Exchange and Raw Materials

- Foreign exchange: Yen expected to remain weaker
- Raw materials and housing materials: Weaker yen leads to higher prices for some imported materials and components and rising price trend for naphtha-derivative materials

Main Business Sales and Orders(YoY)



Main Businesses Progress and Forecasts

	Business Field	Progress in 1Q	Forecasts and Initiatives for the 2Q or later
Domestic Businesses	Housing Field	-Orders for new housing construction flat with first half plan from anticipation of higher interest rates, commodity prices, etc. -No sudden demand surge before the consumption tax hike	-Market conditions expected to continue relatively unchanged from 1Q -Anticipating a certain degree of advance demand before consumption tax hike transitional measures take effect
	Water Infrastructure Field	-Housing construction is strong but it is taking time to implement the price increases for (water infrastructure) products.	-Private sector: Steady capture of the strong housing start demand and full implementation of raised product prices -Public sector: Anticipating overall progress as planned in 1H as the impact from the Upper House election disappears and the boost from the supplementary budget comes into full play
Global Businesses	Automobile Field	Slightly ahead of plan due to high production volume and increased sales of high-performance products (US: Increased sales of high-performance products, Japan: Recovered demand, including for exports)	Focus efforts on continuing the sales growth of high-performance products (US and Japan: Ongoing strong demand, China and emerging countries: Increasing demand)
	IT & Electronics Material Field	-Increased sales of mobile solutions products (recovering after production adjustments) -Ongoing stagnant demand for TV and computer applications (flat with the previous year)	Continuing sales growth for ITO film and other mobile solutions products
	Medical Field	-Core diagnostic agent business flat with last year in Japan and overseas -Progress for the diagnostic equipment business overseas	Expand the diagnostic business overseas, focus on generating domestic-overseas synergies
	Pipeline Renewal Field	Japan: Sales steadily rising for ongoing projects from last year, progressing as planned, Overseas; Continued stagnant demand in Europe, steady progress with measure to reestablish the business	Japan: Anticipating start of full-fledged impact of the supplementary budget effect, Overseas: No expectation of a demand recovery; focus efforts on continuing measures to reestablish the business and area-specific sales



Progress for 1H

Strengthen strategic businesses and expand overseas businesses

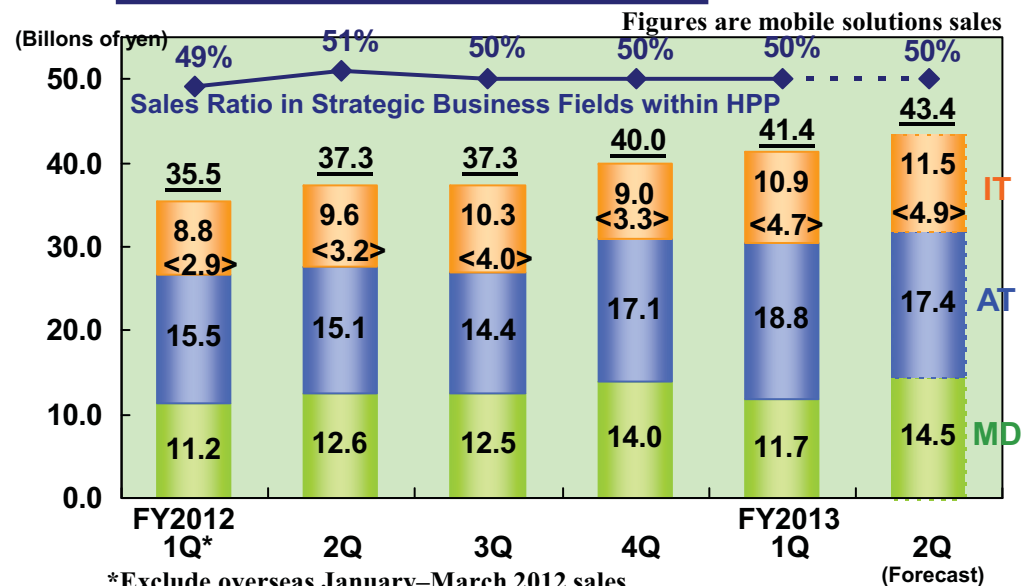
< Overview for the 1Q >

IT : Steady sales growth for components for smartphones and tablets

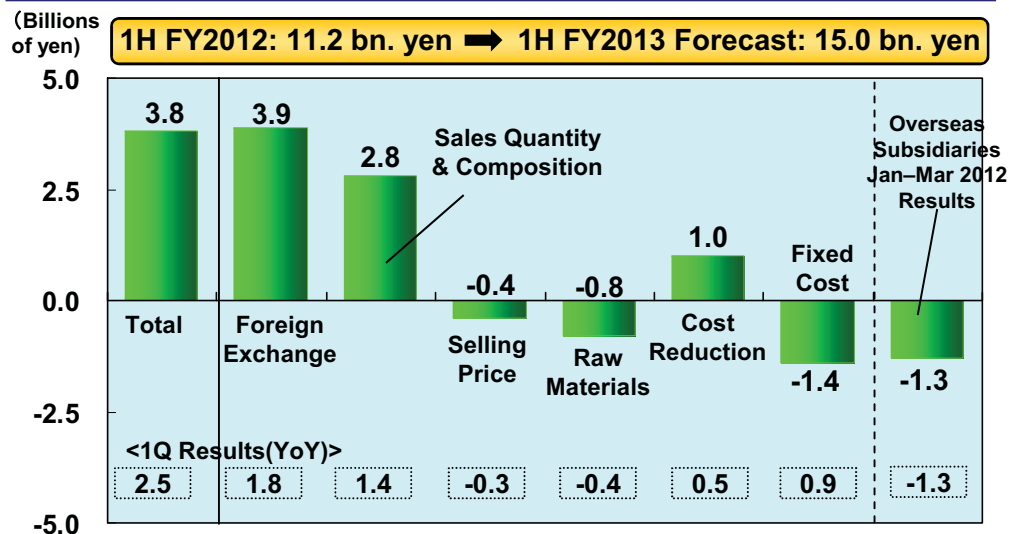
AT : Sales continued expanding for high-performance interlayer films and operations began at the vehicle components molding business in Indonesia

MD : In Europe and the US, sales progressed in the equipment business and for Japan-made diagnostic agents

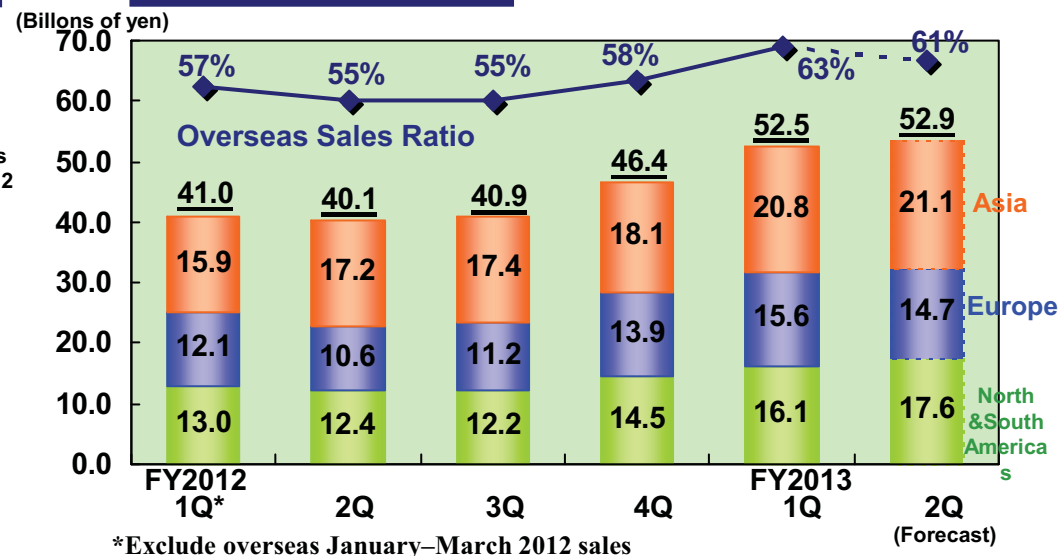
Sales in Strategic Business Fields



Analysis of Operating Income for the 1H FY2013 Forecast (YoY)



Overseas Sales





Progress for 1H

Domestic Business

Public sector: Supplementary budget effect expected to begin in 2Q and progress solidly in 1H

Private sector: Progressing as planned from the strong housing start demand and Mitsubishi Plastics business integration effects

Overseas Business

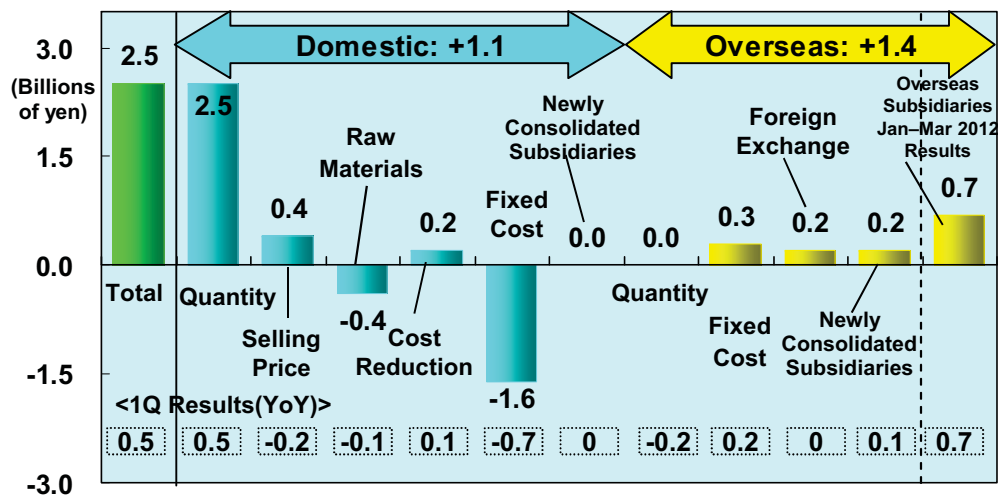
Europe: Prolonging market stagnation and structural reform is under way

US: Strong aircraft demand is supporting steady sheet business

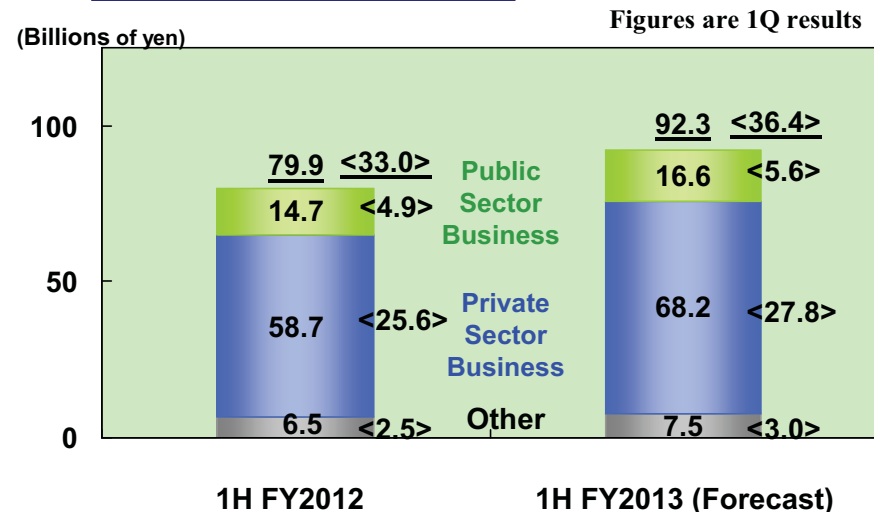
Asia: Expand value chain orders (public works business) to Sekisui KNT (Hebei) Environmental Technology and Yongchang Sekisui Composites in China

Analysis of Operating Income for the 1H FY2013 Forecast (YoY)

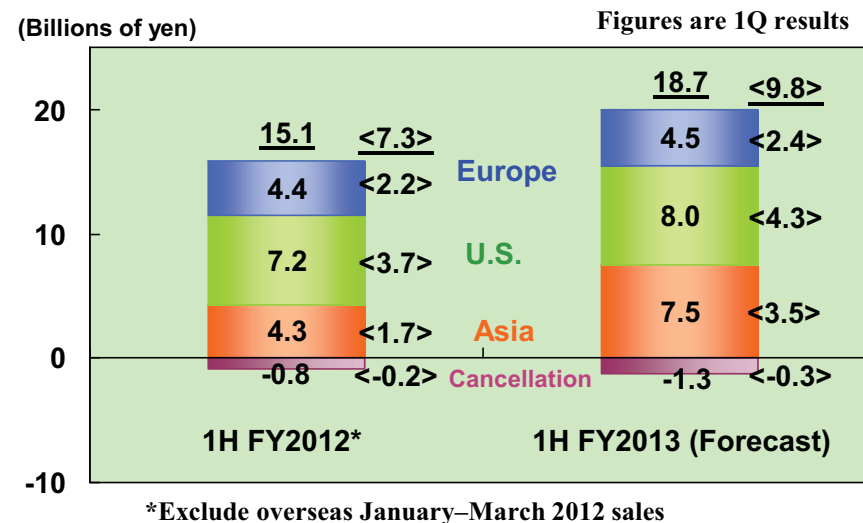
1H FY2012: -2.0 billion yen → 1H FY2013 Forecast: 0.5 billion yen



Domestic Sales



Overseas Sales



Progress for 1H

- 1Q results progressed in line with the plan
- 1Q new home construction and living environment business orders are both on track with the 1H plan
 - Favorable market conditions are boosting new home construction orders (+11% YoY)
 - Detached housing: Expanding sales centered on the Shin Smart Heim
 - Subdivision/complexes: Capturing the brisk demand
 - Boost in renovation orders up 7 % YoY due to increased grand-scale renovations of bath, kitchen & other remodelings adapted to different stages of life
- Advancing growth measures
 - Staff: Increased new construction sales staff by 300 and renovation sales staff by 100
 - Products: Launched the “Mirai Class” of next-generation zero energy housing
 - Overseas: Commenced operations at the mass production factory in Thailand

Measures to Acquire Housing Orders in 2H

1H Housing Order Plan (Unit Basis)
1Q results +11% (YoY), 2Q +16% (YoY), 1H +14% (YoY)

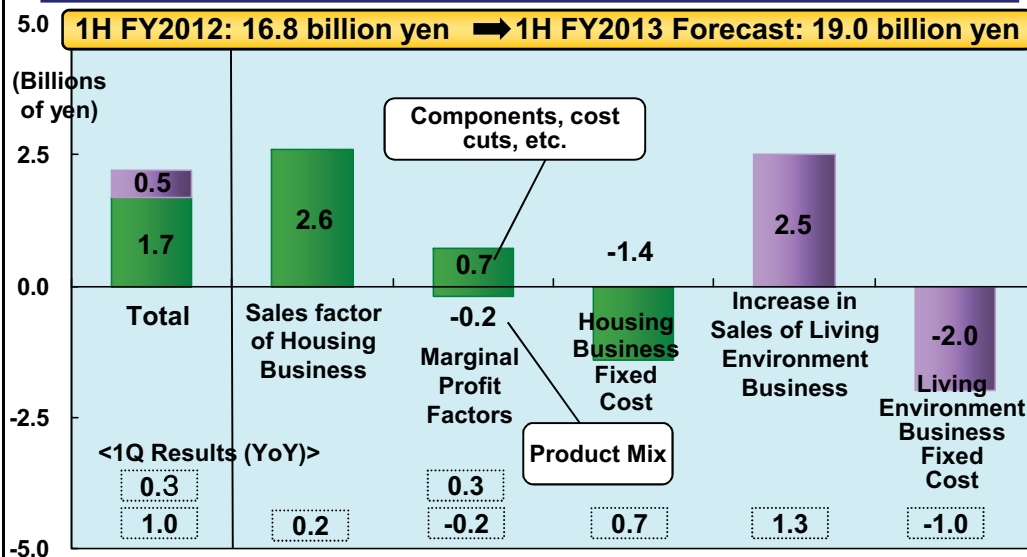
Market Outlook

Market	-Favorable market conditions in 1Q from anticipation of higher interest rates, commodity prices, etc. -Expect market conditions to continue the same in 2Q
Consumption tax impact	-No sudden demand surge before the tax hike -Anticipating a certain degree of advance demand before transitional measures take effect
Areas / Housing Type	Increased customers in both urban and regional areas in 1Q and brisk demand centering on subdivisions and housing complexes

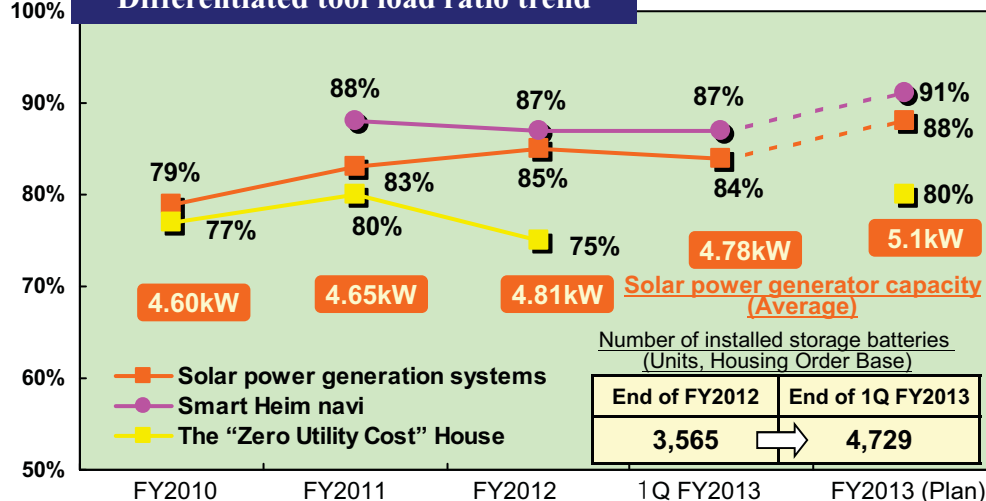
■ In 1H FY2013, continue and strengthen measures to capture orders

- Detached housing**
 - Continue product differentiation centered on Shin Smart Heim
 - Highlight the “Mirai Class” series to fortify differentiation
- Subdivision**
 - Continue expanding sales of Smart Heim City
 - prepare 1,780 subdivisions from the real estate held for sale in 2Q
- Housing Complexes**
 - Continue growing sales of the new With Heim FII
 - Use Big Solar to continue differentiation; 1Q percentage of sales with built-in Big Solar: 82%
- Living Environment Business**
 - Continue increasing orders of renovations adapted to different stages of life (bath, kitchen & other remodelings)

Analysis of Operating Income for the 1H FY2013 Forecast (YoY)



Differentiated tool load ratio trend





Financial Results
for the First Quarter of FY2013

Hideo Tagashira

Senior Managing Executive Officer

Responsible for Corporate Finance & Accounting Department



Number of Consolidated Companies

	June 30, 2013	March 31, 2013	Difference
Consolidated Subsidiaries	171	167	Sekisui KNT Environmental Technology Co., Ltd. (China water infrastructure business), etc.
Affiliates (Equity Method)	8	8	-

Influence of Change in the Number of Consolidated Companies

(Billions of yen)

Net Sales	+1.5	Sekisui KNT Environmental Technology Co., Ltd. *
Operating Income	+0.1	

*: Newly consolidated from the first quarter of FY2013



Summary of Profit and Loss

(Billions of yen)

	1Q of FY2013	1Q of FY2012*1	Difference
Net Sales	242.5	259.9	-17.4
Gross Profit	71.8	72.3	-0.5
Gross Profit Rate	29.6%	27.8%	1.8%
Selling, Gen. and Admin. Expenses	61.8	66.5	-4.8
Operating Income	10.0	5.7	4.3
Equity in Earnings of Affiliates	0.2	-0.2	0.5
Other Non-operating Income and Expenses	2.3	-1.1	3.4
Ordinary Income	12.6	4.4	8.2
Extraordinary Income	-	-	-
Extraordinary Loss	0.2	1.3	-1.1
Income before Income Taxes	12.3	3.1	9.3
Corporate Income Tax, etc.	5.2	1.0*3	4.2
Income for Minority Shareholders	0.3	0.1	0.2
Net Income	6.9	2.0	4.8

(18.9) *2

(4.8) *2

Foreign exchange gain
and loss: +2.0

Overseas Subsidiaries Jan-Mar 2012 Results *1
37.7
0.5

*1 Overseas subsidiary previous fiscal year results represent the 6-month period from January to June 2012
(Overseas subsidiary fiscal year ends were revised to March in FY2012.)

*2 Excluding effects from new consolidations and the 6-month reporting period for overseas subsidiaries

*3 Includes a tax payment decrease of ¥2.3 billion as a tax effect associated with elimination of unrealized income following initiation of the consolidated tax payment system in the previous fiscal year



Consolidated Cash Flows

(Billions of yen)

	1Q of FY2013	1Q of FY2012
Operating Activities Cash Flows	8.2	4.8
Investing Activities Cash Flows	-10.7	10.2*
Financing Activities Cash Flows	-9.0	-10.9
Net Decrease (Increase) in Cash and Cash Equivalents	-10.3	4.2
Cash and Cash Equivalents at the End of Term	50.9	49.5
Free Cash Flow =Operating Activities Cash Flows +Investing Activities Cash Flows -Dividends Paid	-8.1	10.8

*Includes 17.0 billion in (net) proceeds from withdrawal of time deposits



Balance Sheets (Assets)

(Billions of yen)

	June 30, 2013	March 31, 2013	Difference
Cash and Deposits	86.4	91.1	-4.8
Account Receivable on Sales	165.6	172.1	-6.5
Inventories	150.7	140.0	10.7
Other Current Assets	42.9	36.7	6.1
Tangible Non-Current Assets	246.3	240.7	5.6
Intangible Non-Current Assets	48.8	49.1	-0.3
Investments in Securities	156.7	146.2	10.5
Investments & Other Assets	21.0	25.7	-4.7
Total Assets	918.3	901.6	16.7

Housing: +3.7,
UIEP: +3.8

At fair value: +12.2

Foreign exchange: +9.4



Balance Sheets (Liabilities & Net Assets)

(Billions of yen)

	June 30, 2013	March 31, 2013	Difference
Non-Interest-Bearing Liabilities	353.6	353.0	0.5
Interest-Bearing Liabilities	114.5	115.3	-0.8
Total Liabilities	468.1	468.3	-0.3
Capital Stock etc.	209.3	209.2	0
Retained Earning	211.6	209.3	2.3
Treasury Stock	-11.1	-11.6	0.5
Unrealized Holding Loss on Securities	25.8	17.8	8.0
Minority Interests	15.1	14.3	0.8
Other Net Assets	-0.5	-5.8	5.3
Total Net Assets	450.2	433.2	17.0
Total Liabilities, Net Assets	918.3	901.6	16.7

Net income: +6.9,
Dividends paid: -4.6

Foreign currency
translation adjustment:
+5.4



Depreciation and Capital Expenditures

(Billions of yen)

	FY2013		FY2012* ¹		Difference	
	1Q	Annual (Forecasts)	1Q	Annual	1Q	Annual
Depreciation	7.9	36.0	9.7* ²	34.9* ²	-1.8	1.1
Capital Expenditures	8.9	36.0	12.1* ³	36.8* ³	-3.2	-0.8

*1 Overseas subsidiary previous fiscal year results represent the 15-month period from January 2012 to March 2013.
(Overseas subsidiary fiscal year ends were revised to March in FY2012.)

*2 Overseas subsidiary depreciation for the three months from January to March 2012 was ¥2.0 billion

*3 Overseas subsidiary capital expenditures for the three months from January to March 2012 was ¥1.1 billion



(Billions of yen)

	1H of FY2013 (Forecast)	1H of FY2012* ¹	Difference	1H Plan (Original) * ²	Overseas Subsidiaries Jan–Mar 2012 Results * ¹
Net Sales	528.0	516.0	12.0	520.0	37.7
Operating Income	33.0	25.0	8.0	31.5	0.5
Recurring Income	34.5	22.5	12.0	30.5	
Net Income	18.0	12.8	5.2	15.0	

*1 Overseas subsidiary previous fiscal year results represent the 9-month period from January to September 2012.
(Overseas subsidiary fiscal year ends were revised to March in FY2012.)

*2 Plan to announce at the FY2012 earnings results meeting

*3 Forex rate assumptions for the 2Q FY2013 forecasts are ¥101/US\$ and ¥124/€



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



Housing Company Results and Plan

1. Housing business Main Data

		FY2013		FY2012		
		1Q	1H (Forecast)	1Q	1H	2H
CONSOLIDATED	Net Sales (Billions of yen)	109.1	243.2	106.1	231.8	237.3
	Housing	74.2	170.7	73.3	164.5	169.2
	Houses	69.5	161.7	69.0	155.0	160.5
	Land	4.7	9.0	4.3	9.5	8.7
	Living environment	34.9	72.5	32.8	67.2	68.1
	Refurbishing	24.9	51.7	23.4	47.5	48.3
	Interior-Exterior	1.2	3.2	1.3	2.9	2.7
	Real estate	8.8	17.6	8.2	16.8	17.2
OTHERS	1. Number of houses sold (Housing units)	2,950	7,100	2,920	6,750	7,110
	Detached houses	2,410	5,400	2,420	5,300	5,310
	Heim	1,820	4,150	1,870	4,110	4,120
	Two-U	590	1,250	550	1,190	1,190
	Apartments	540	1,700	500	1,450	1,800
	2. Main data					
	Prices<Sales subsidiaries : Detached houses>/ Unit (Millions of yen)	30.2	-	29.9	29.9	30.0
	Prices<Sales subsidiaries : Detached houses>/ Tsubo (3.3 Square meter) (Thousands of yen)	782	-	768	768	774
	Floor space (Square meter)	127.5	-	128.4	128.5	127.9
	Exhibition places (Units)	-	423	418	409	407
	Sales staff (Number of person)	2,551	2,510	2,431	2,369	2,259
	Rebuilding ratio (%)	33%	33%	33%	33%	34%
	Referral sales ratio (%)	38%	38%	40%	41%	42%

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

2. Housing orders

(Millions of yen)

	FY2013		FY2012			FY2011	
	1Q	1H (Forecast)	1Q	1H	2H	1H	2H
	Backlogs at beginning	211,900	-	187,800	-	197,000	171,800
Growth Rate	+13%	-	+9%	-	+4%	+16%	+14%
New Orders	104,852	241,700	93,807	214,657	226,314	211,197	204,093
Growth Rate	+12%	+13%	+3%	+2%	+11%	+5%	+5%
Net Sales	95,652	216,600	93,607	205,457	211,414	193,897	205,393
Growth Rate	+2%	+5%	+13%	+6%	+3%	+6%	+9%
Balance at the end	221,100	237,000	188,000	197,000	211,900	189,100	187,800
Growth Rate	+18%	+20%	+5%	+4%	+13%	+14%	+9%

3. Housing starts

(in number of unit)

	FY2013		FY2012		
	1Q	1H (Forecast)	1Q	1H	2H
	Housing starts*	237,400	445,000	215,851	442,948
Privately-owned houses* (included in above) =A	87,000	163,000	76,576	161,247	155,285
Sales by our company	2,950	7,100	2,920	6,750	7,110
Detached house sales by our company=B	2,410	5,400	2,420	5,300	5,310
Our share in Detached houses=B/A	2.8%	3.3%	3.2%	3.3%	3.4%

*"The housing starts" and "Privately-owned houses" after 1Q of FY2013 are based on a forecast.

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

	FY2013		FY2012		
	1Q	1H (Forecast)	1Q	1H	2H
	Solar power generation systems installed	84%	84%	86%	86%
Tiled exterior walls (Heim type JX)	69%	69%	69%	69%	70%
All-electric housing	89%	90%	90%	90%	89%
Comfortable Air System	68%	69%	69%	66%	70%