

Presentation of Financial Results

for the First Quarter of FY2017

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Results for 1Q FY2017 and Forecasts for 1H FY2017

Forex Rate	1Q FY2016	2Q FY2016	1H FY2016	1Q FY2017	2Q FY2017	1H FY2017	FY2017 Initial Plan
Assumption	¥118/US\$ ¥130/€	¥104/US\$ ¥116/€*	¥111/US\$ ¥125/€	¥113/US\$ ¥121/€	¥110/US\$ ¥124/€	¥112/US\$ ¥123/€	¥113/US\$ ¥121/€
Results (Avg. rate for each term)	¥108/US\$ ¥122/€	¥102/US\$ ¥114/€	¥105/US\$ ¥118/€	¥111/US\$ ¥122/€	-	-	-

*from August 2016

Overview of 1Q FY2017 Results

- Increases in sales and at each level of profit in the 1Q; substantial increases in ordinary income and bottom line profit.
- Trends in net sales and each level of profit progressed in line with plans.

(Billions of yen)	1Q FY2016	1Q FY2017	Difference
Net Sales	227.8	233.9	+6.2
Operating Income	11.2	12.6	+1.4
Ordinary Income	6.1	14.0	+7.9
Net Income Attributable to Owners of the Parent	0.1	9.9	+9.8

1Q FY2017 Results: Net Sales and Operating Income by Divisional Company

- Increases in sales and profits in each of the Housing and UIEP companies; despite a decrease in HPP Company profits, trends progressed in line with plans.

- HPP: While profits declined owing mainly to the negative impacts of movements in foreign currency exchange rates and high raw material costs, the HPP Company reported an increase in sales volume and improvement in its product mix.
- Housing: Increase in sales and profits owing to an increase in the number of newly built houses sold.
- UIEP: Increase in sales and profits on the back of an increase in sales volume and improvement in the product mix. Turned positive for the first time in 1Q.

(Billions of yen)	1Q FY2016		1Q FY2017		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP*	91.1	15.5	91.2	14.4	0	-1.1
Housing*	89.6	-1.8	94.9	-0.4	+5.3	+1.4
UIEP*	50.5	-0.4	51.7	1.4	+1.3	+1.8
Others	0.8	-1.9	1.1	-2.5	+0.3	-0.6
Eliminations or Unallocatable Accounts	-4.3	-0.2	-4.9	-0.3	-0.7	-0.1
Total	227.8	11.2	233.9	12.6	+6.2	+1.4

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

1H FY2017 Earnings Forecasts

- Projecting a substantial increase in sales; expected to achieve an increase at each level of profit. Operating income is expected to report record high profits for the 1H.

(Billions of yen)	1H FY2016	1H FY2017 (Forecasts)	Difference	1H FY2017 (Initial Plan)
Net Sales	517.9	535.0	+17.1	535.0
Operating Income	43.7	44.5	+0.8	44.5
Ordinary Income	40.0	43.5	+3.5	43.5
Net Income Attributable to Owners of the Parent	26.1	28.0	+1.9	27.0
Dividend per Share (Yen)	16	19*	+3	19*

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

1H FY2017 Forecasts: Net Sales and Operating Income by Divisional Company

- Trends at each of the three divisional companies progressing in line with initial plans; projected to achieve increases in profits.

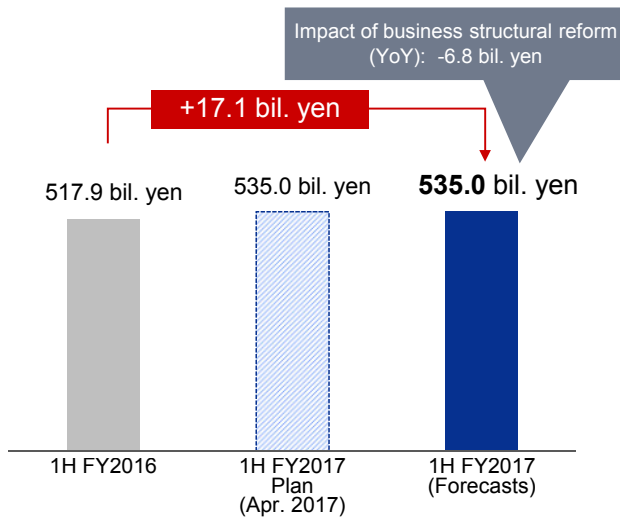
- HPP: Projecting an increase in sales volume and improvement in the product mix; expected to achieve record high profits in the 1H.
- Housing: Projecting increases in both sales and profits owing to an increase in the number of newly built houses sold.
- UIEP: Projecting record high profits in the 1H on the back of an increase in sales volume and improvement in the product mix.

(Billions of yen)	1H FY2016		1H FY2017 (Forecasts)		Difference		1H FY2017 (Initial Plan)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
HPP	176.7	27.5	184.0	28.0	+7.3	+0.5	184.0	28.0
Housing	237.7	17.2	246.0	18.0	+8.3	+0.8	246.0	18.0
UIEP*	112.0	3.2	112.0	4.0	0	+0.8	112.0	4.0
Others	1.3	-3.9	3.0	-5.0	+1.7	-1.1	3.0	-5.0
Eliminations or Unallocatable Accounts	-9.9	-0.4	-10.0	-0.5	-0.1	-0.1	-10.0	-0.5
Total	517.9	43.7	535.0	44.5	+17.1	+0.8	535.0	44.5

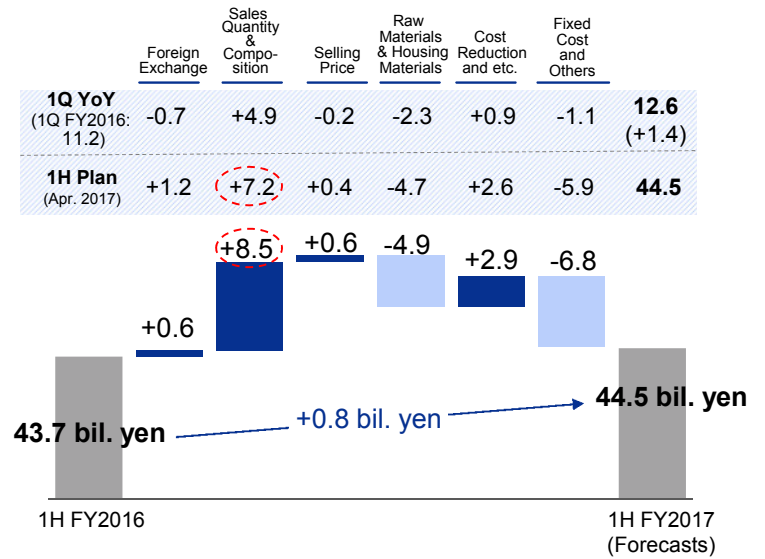
1H FY2017 Forecasts: Analysis of Net Sales and Operating Income

- High raw material costs and an increase in fixed costs offset by increases in sales volumes and substantial progress in improving the product mix.

Net Sales



Analysis of Operating Income

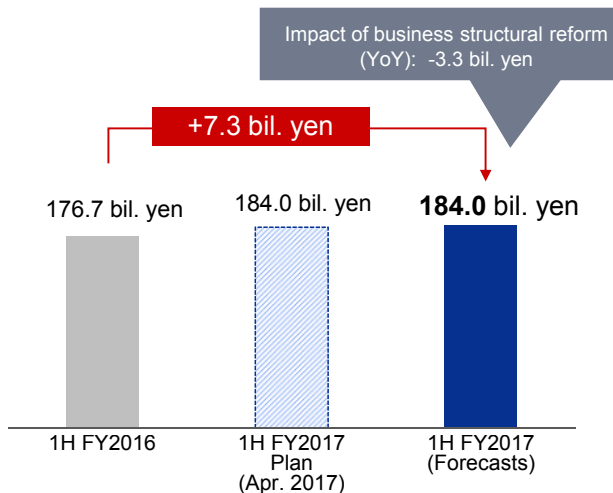


- Increased by 23.9 billion yen on the actual basis excluding the impact of business structural reform.

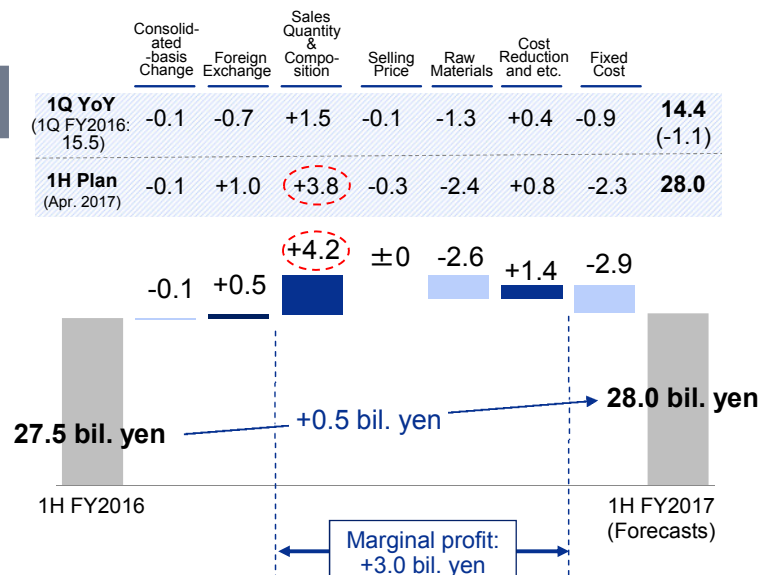
High Performance Plastics Company: 1H FY2017 Forecasts

- Progress in increasing sales volume and improving the product mix mainly in the four strategic fields as well as reducing costs; projected to offset high raw material costs and increases in fixed costs; forecast to progress in line with 1H plans.

Net Sales



Analysis of Operating Income



- Increased by 10.6 billion yen on the actual basis excluding the impact of business structural reform.

High Performance Plastics Company: Four Strategic Fields

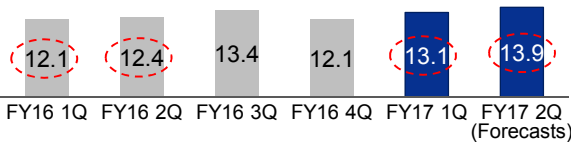
- Results in the automobiles and transportation field projected to fall slightly below plans owing mainly to the effects of market conditions; steady progress in other fields
- Market conditions in the 2Q expected to remain roughly the same as in the 1Q in overall terms

Trends and Progress of Sales in the Four Strategic Fields

Electronics

- Favorable trends in mainstay products on the back of a recovery in flat panel display (FPD) market conditions. **Progress expected to exceed plans.**
- Steady progress in measures undertaken projected in the packaging and semiconductor field

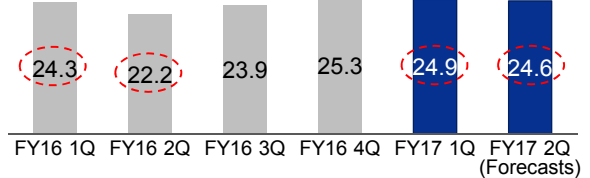
(Billions of yen)



Automobiles and Transportation

- Impacted by market conditions (sluggish automobile production) in the Americas and China; other areas steady.
- While results are projected to fall slightly below plans, progress in expanding global high-performance product sales

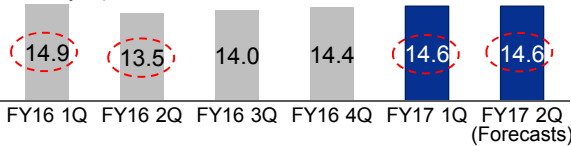
(Billions of yen)



Building and Infrastructure

- CPVC: Global demand in a recovery phase. Increase in market share in India.
- Fire-resistant materials: Despite stagnant conditions in existing domestic fields, progress in the development of applications as well as business development overseas

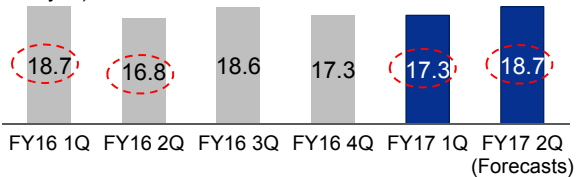
(Billions of yen)



Life Science

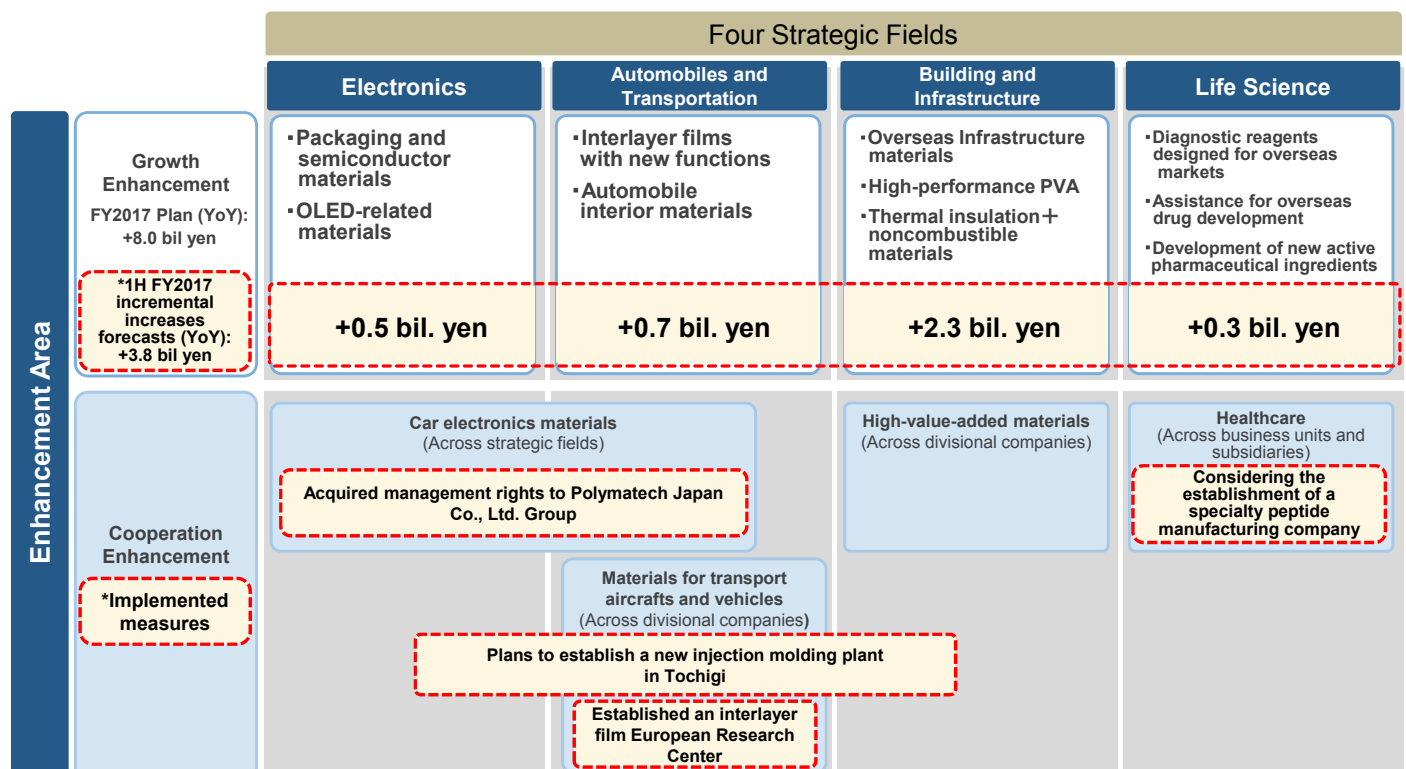
- Recovery in the diagnostic reagents market in Japan. Contributions from new products.
- EIDIA integration completed.

(Billions of yen)



High Performance Plastics Company: Growth Enhancement Areas

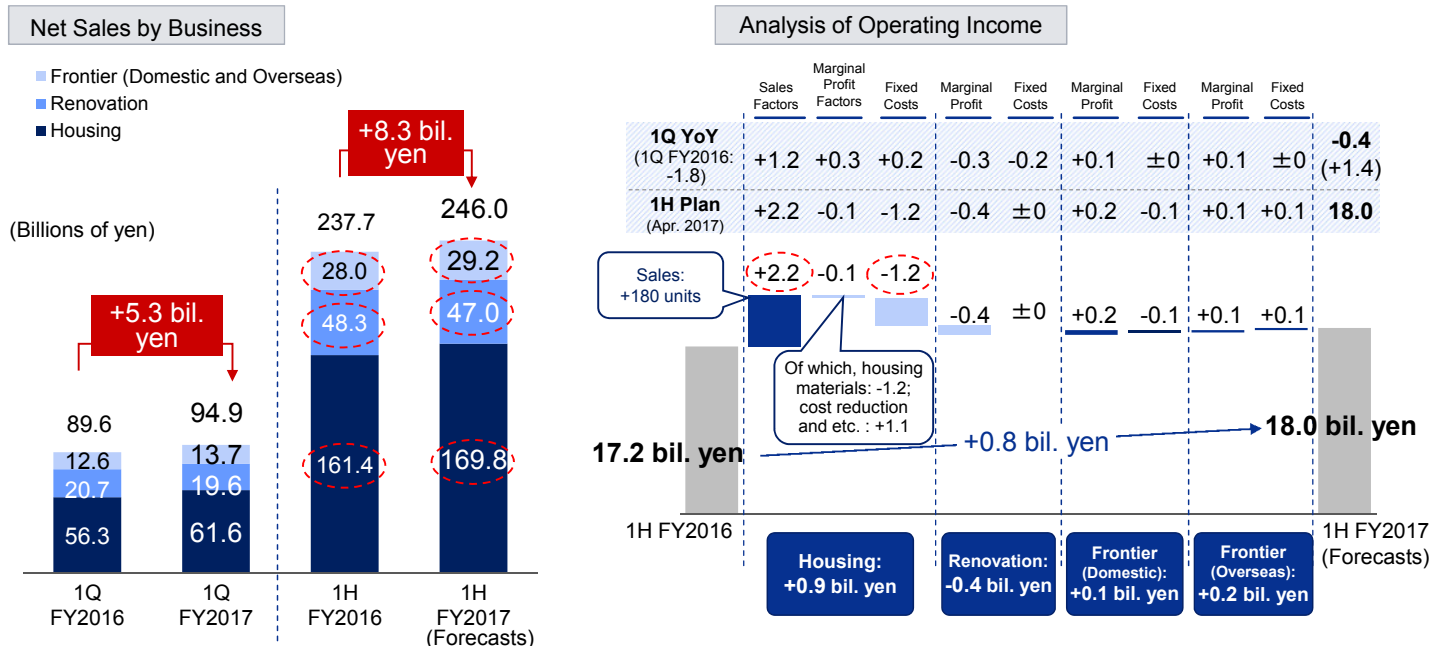
- Steady increase in sales in growth enhancement areas; advances in growth strategy mechanisms in cooperation enhancement areas.



Housing Company: 1H FY2017 Forecasts

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

- Housing Business: Projecting an increase in sales and profits owing mainly to an increase on the back of an increase in the number of houses sold.
- Renovation Business: Projecting decreases in both sales and profits in line with the low level of year-start; 1Q orders to progress in line with the previous year.
- Frontier Business: Growth mainly in the real estate business.



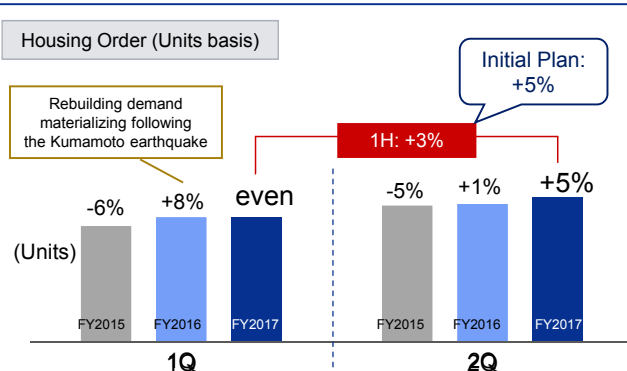
Housing Company: New Housing Order

Work to further expand orders by strengthening new product as well as land and subdivision housing strategies

The Market Environment, Status of Orders, and Other Details

- 1Q detached housing orders essentially in line with plans mainly in the three major metropolitan city zones (up3% YoY)
 - Growth in wood-frame housing (Up 12% YoY); also secured a YoY increase in steel-frame housing (Up 1% YoY)
 - Substantial decline in housing complexes (Down 26% YoY)
 - Firm demand for subdivision housing on the back of first buyer interest
- The market environment in the 2Q expected to remain roughly the same as in the 1Q
 - Customers adopting a strong wait-and-see approach; increasingly prolonged period during which customers consider whether or not to purchase.
- ➔ Increase in the number of visitors in the 1Q of FY2017 (Up 8% YoY* in the period from May to June) on the back of various measures including the renewal of model home galleries and efforts to diversify promotion tools to attract customers

Housing Order Plans



Progress of 1H Initiatives Aimed at Securing Orders

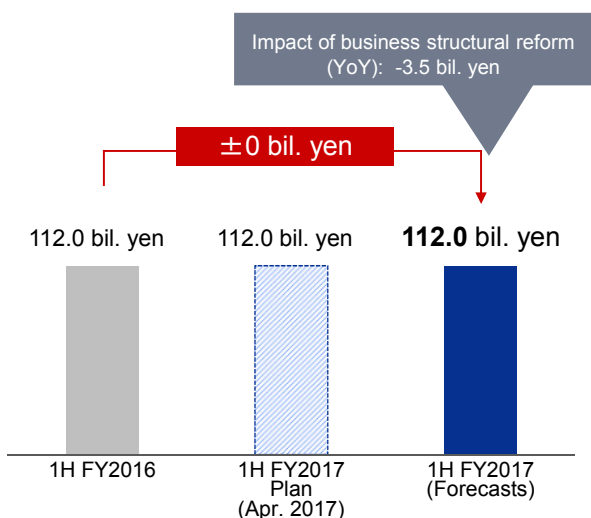
	1Q	2Q
70th Anniversary Commemorative Product Strategies	<ul style="list-style-type: none"> ✓ Strong test sales of new wood-frame products that are capable of capturing a share of the volume zone market ✓ Increase in orders of one-story-type housing (Up 24% YoY in the 1Q) 	<ul style="list-style-type: none"> ✓ Strengthen new wood-frame products test sales systems; expand sales area ✓ Strengthen self-sufficient smart house-type product variations; launch Smart Power Station GR sales
Land and Subdivision Housing Strategies	<ul style="list-style-type: none"> ✓ Large-scale subdivision, Smart Heim City, well received on a nationwide basis (1Q subdivision orders up 18% YoY) ✓ Strong ready-built housing sales (1Q ready-built housing orders up 19% YoY) 	<ul style="list-style-type: none"> ✓ Further strengthen subdivision and ready-built housing (2Q subdivision order plan: Up 19% YoY)
Customer Traffic and Increase in Customer Prospects	<ul style="list-style-type: none"> ✓ Strengthening introduction opportunities through fusion; 70th anniversary commemorative introductory campaign, factory tours for Sekisui Chemical Group employees ✓ Advancing efforts to diversify promotion tools to attract customers: factory and onsite tours, open house, requests for reference materials, and other 	

Urban Infrastructure and Environmental Products Company: 1H FY2017 Forecasts

Progress in line with 1H plans owing mainly to an increase in sales volume and improvement in the product mix.

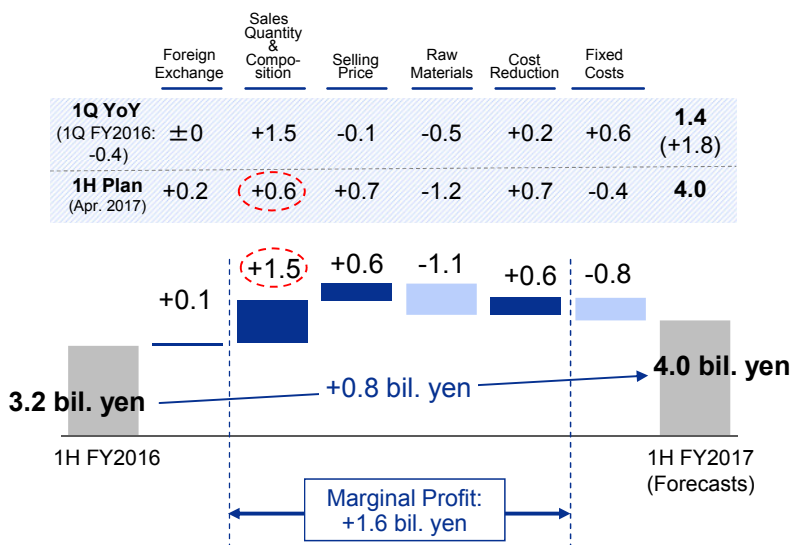
- Negative 1Q spread between selling prices and raw materials costs; projecting an improvement from the 2Q.

Net Sales



- Increased by 3.5 billion yen on the actual basis excluding the impact of business structural reform.

Analysis of Operating Income



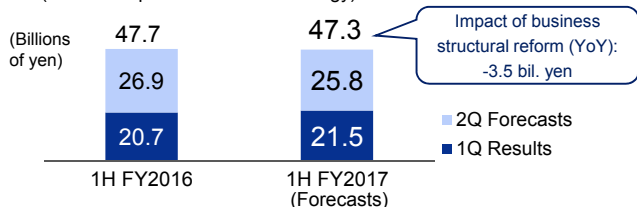
Urban Infrastructure and Environmental Products Company: Three Strategic Fields

- Steady progress in each of the three fields; also advances in mechanisms for growth.
- Steady progress in expanding sales of prioritized products.

Trends and Progress of Sales in the Three Strategic Fields

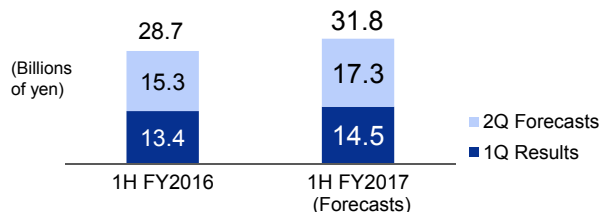
Piping and Infrastructure

- Robust demand for infrastructure and commercial construction in the metropolitan city zones.
- Took up an equity interest (25.3%) in TIEN PHONG PLASTIC SOUTH JOINT STOCK COMPANY (TPS), a major pipe manufacturer in Vietnam (ASEAN expansion alliance strategy)



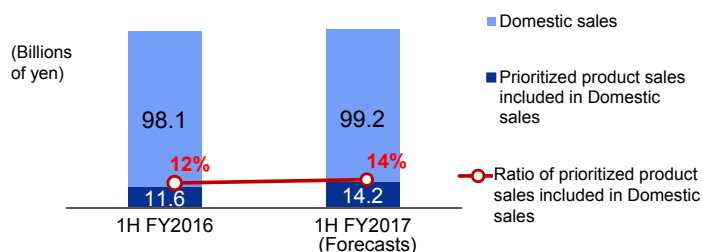
Advanced Materials

- Aircraft sheets slightly struggled in the 1Q; robust results in FFU overseas sales.
- Began undertaking investments to increase production (FFU, sheets)



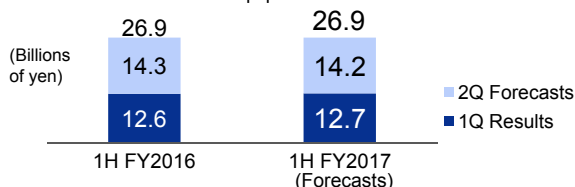
Sales in Prioritized Products

- Introduction of new products progressing in line with plans (infrastructure guards, high-rise construction piping)



Building and Living Environment

- Linked to movements in new housing starts; trends projected to remain essentially flat.
- Upgrade and expansion of high-value-added products including resin tatami and care equipment.



Financial Results

for 1Q FY2017

Consolidated Companies

Number of Consolidated Companies

	Mar. 31, 2017	June 30, 2017	Difference
Consolidated Subsidiaries	143	140	Increased: 4 Subsidiaries* ¹ Decreased: 7 Subsidiaries* ²
Affiliates (Equity Method)	8	8	Increased: 0 Subsidiaries Decreased: 0 Subsidiaries

*1: ENAX, SEKISUI CHEMICAL (SHANGHAI) INVESTMENT 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

	1Q FY2017	Difference
Net Sales	-3.6 bil. yen	<ul style="list-style-type: none"> • Sekisui Film*³ • Nippon No-Dig Technology*⁴
Operating Income	+0.5 bil. yen	<ul style="list-style-type: none"> • SEKISUI KNT(HEBEI) ENVIRONMENTAL TECHNOLOGY*⁴ and etc.

*3: Removed from consolidation from 2Q FY2016

*4: Removed from consolidation from 4Q FY2016

Summary of Profit and Loss

(Billions of yen)	1Q FY2016	1Q FY2017	Difference	
Net Sales	227.8	233.9	+6.2	
Gross Profit	75.0	76.3	+1.2	
Gross Profit Rate	32.9%	32.6%	-0.3%	
Selling, Gen. and Admin. Expenses	63.8	63.6	-0.2	
Operating Income	11.2	12.6	+1.4	
Equity in Earnings of Affiliates	0.1	0.3	+0.1	
Other Non-operating Income and Expenses	-5.2	1.1	+6.3	Foreign exchange gain and loss ▶ 3.4 bil. yen
Ordinary Income	6.1	14.0	+7.9	
Extraordinary Income	2.2	2.5	+0.3	
Extraordinary Loss	4.6	0.3	-4.3	Loss on devaluation of investments in securities (1Q FY2016)
Income before Income Taxes	3.7	16.1	+12.4	
Corporate Income Tax, etc.	3.3	4.6	+1.3	
Net Income Attributable to Non-controlling Interests	0.4	1.6	+1.2	
Net Income Attributable to Owners of the Parent	0.1	9.9	+9.8	
Foreign Exchange (Avg. rate)				
1US\$	108 yen	111 yen		
1€	122 yen	122 yen		

Balance Sheets (Assets)

(Billions of yen)	Mar. 31, 2017	June 30, 2017	Difference	
Cash and Deposits	109.9	93.7	-16.2	
Account Receivable on Sales	164.1	153.3	-10.8	
Inventories	153.6	168.8	+15.3	
Other Current Assets	38.6	42.1	+3.5	
Tangible Non-Current Assets	261.8	265.8	+4.0	
Intangible Non-Current Assets	39.6	39.0	-0.5	
Investments in Securities	156.9	163.0	+6.1	At fair value, and etc.
Investments & Other Assets	19.3	17.1	-2.2	
Total Assets	943.6	942.8	-0.8	Foreign exchange ▶ 4.7 bil. yen

Balance Sheets (Liabilities & Net Assets)

(Billions of yen)	Mar. 31, 2017	June 30, 2017	Difference	
Non-Interest-Bearing Liabilities	329.4	320.9	-8.5	
Interest-Bearing Liabilities	43.7	48.9	+5.2	
Total Liabilities	373.1	369.8	-3.3	
Capital Stock etc.	209.2	209.2	0	
Retained Earning	341.0	329.8	-11.2	Net income ▶ 9.9 bil. yen
Treasury Stock	-41.0	-38.2	+2.8	Dividends paid ▶ -9.1 bil. yen
Unrealized Holding Gain on Securities	39.5	45.4	+6.0	Retirement of treasury stock ▶ -12.9 bil. yen
Non-controlling Interests	20.8	22.5	+1.7	
Other Net Assets	1.1	4.4	+3.3	
Total Net Assets	570.5	573.1	+2.5	Purchases of treasury stock ▶ -10.5 bil. yen
Total Liabilities, Net Assets	943.6	942.8	-0.8	Retirement of treasury stock ▶ 12.9 bil. yen

Consolidated Cash Flows

(Billions of yen)	1Q FY2016	1Q FY2017	
Operating Activities Cash Flows	10.6	4.7	Increase in corporate tax payment
Investing Activities Cash Flows	-5.9	11.6	Proceeds from withdrawal of time deposits ▶ 19.0 bil. yen
Financing Activities Cash Flows	5.9	-15.7	
Net Increase in Cash and Cash Equivalents	3.9	1.8	
Cash and Cash Equivalents at the End of Term	71.0	92.3	Purchases of treasury stock and dividend increase
Free Cash Flow =Operating Activities Cash Flows+Investing Activities Cash Flows -Dividends Paid	-3.3	7.0	

Depreciation and Capital Expenditures

(Billions of yen)	FY2016		FY2017		Difference	
	1Q	Full Year	1Q	Full Year (Plan)	1Q	Full Year
Depreciation	8.4	34.8	8.8	36.0	+0.4	+1.2
Capital Expenditures	12.3	43.9	12.4	52.0	+0.1	+8.1

1H FY2017 Earnings Forecasts

(Billions of yen)	1H FY2016	1H FY2017 (Forecasts)	Difference	1H FY2017 (Initial Plan)
Net Sales	517.9	535.0	+17.1	535.0
Operating Income	43.7	44.5	+0.8	44.5
Ordinary Income	40.0	43.5	+3.5	43.5
Net Income Attributable to Owners of the Parent	26.1	28.0	+1.9	27.0
Dividend per Share (Yen)	16	19*	+3	19*

*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.

Housing Company Results and Plan

1. Main data in Housing business		FY2017		FY2016		
		1Q	1H (Forecasts)	1Q	1H	2H
CONSOLIDATED	Net Sales (Billions of yen)	94.9	246.0	89.6	237.7	247.3
	Housing	61.6	169.8	56.3	161.4	169.3
	Renovation	19.6	47.0	20.7	48.3	48.6
	Frontier (Domestic)	13.3	28.2	12.3	27.2	28.3
	Real estate	11.2	23.5	10.4	22.7	23.6
	Residential Services	2.0	4.7	1.9	4.4	4.7
	Overseas	0.4	1.0	0.3	0.8	1.0
OTHERS	1. Number of houses sold (Housing units)	2,300	7,000	2,200	6,620	7,000
	Detached houses	1,840	4,930	1,720	4,740	4,820
	Heim	1,560	4,180	1,360	3,790	3,980
	Two-U	280	750	360	950	840
	Apartments (housing complex)	460	2,070	480	1,880	2,180
	2. Main data					
	Prices <Sales subsidiaries: Detached houses>/ Unit (Millions of yen)	31.0	-	30.4	30.4	30.8
	Prices <Sales subsidiaries: Detached houses>/ Tsubo (3.3 Square meter)(Thousands of yen)	831	-	811	818	826
	Floor space (Square meter)	123.1	-	123.7	122.7	123.0
	Exhibition places (Units)	-	418	-	412	414
	Sales staff (Number of person)	2,548	2,525	2,558	2,522	2,370
	Rebuilding ratio (%)*	28%	30%	29%	30%	30%
	Referral sales ratio (%)*	32%	32%	37%	37%	34%

* 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)		1Q	1H (Forecasts)	1Q	1H	2H	1H	2H
Year-start Backlog		206,000	-	205,500	-	207,500	204,300	205,500
Growth Rate		±0%	-	+1%	-	+1%	-12%	-8%
New Orders		92,277	205,788	91,793	202,457	207,529	199,914	204,391
Growth Rate		+1%	+2%	+5%	+1%	+2%	-5%	+5%
Sales of Housing and Renovation		75,077	204,288	73,593	200,457	209,029	198,714	204,391
Growth Rate		+2%	+2%	-5%	+1%	+2%	-9%	-4%
Balance at the end		223,200	207,500	223,700	207,500	206,000	205,500	205,500
Growth Rate		±0%	±0%	+5%	+1%	±0%	-8%	+1%

3. Housing starts		FY2017		FY2016		
(Units)		1Q	1H (Forecasts)	1Q	1H	2H
Housing starts*		246,860	470,000	247,079	500,151	473,986
Privately-owned houses* (included in above) =A		74,097	146,000	74,012	152,836	138,947
Sales by our company		2,300	7,000	2,200	6,620	7,000
Detached house sales by our company=B		1,840	4,930	1,720	4,740	4,820
Our share in Detached houses=B/A		2.5%	3.4%	2.3%	3.1%	3.5%

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

4. The ratio of the houses equipped with the high-performance specifications		FY2017		FY2016		
		1Q	1H (Forecasts)	1Q	1H	2H
Solar power generation systems installed		75%	78%	76%	77%	78%
Tiled exterior walls (Heim type JX)		71%	72%	66%	67%	68%
Storage battery installed		23%	23%	23%	21%	27%
Comfortable Air System		75%	75%	74%	73%	77%