

Urban Infrastructure & Environmental Products Company

Solving infrastructure issues and supporting social infrastructure through a wide range of high-value-added products

The Urban Infrastructure & Environmental Products (UIEP) Company manufactures and markets water sewerage and supply pipe systems, in which it has a leading share in Japan, while also engaging in construction materials supply businesses, which collectively form the company's core operating platform. We are striving to expand sales and create markets for products that help solve increasingly serious and complex social issues, including labor shortages, aging infrastructure, and climate change.

History of the Urban Infrastructure & Environmental Products Company

History in Process Creation

Having in 1952 commenced the manufacture of ESLON pipe, the first rigid PVC pipe in Japan, the company subsequently promoted the explosive spread of ESLON water supply and drainage pipes by establishing injection molding technologies for those PVC pipe fittings, while establishing a solid position in the market. In anticipation of the needs for resource conservation and high functionality, from the latter half of the 1970s we utilized new materials and innovative technologies in releasing a series of pipework and related products that opened up new applications. To this day, we have been contributing to weight reduction and easy construction by replacing metal pipes and concrete pipes in a wide range of fields, such as water supply, sewage, housing, construction, agriculture, electric power, communications, gas, and plants. First developed in 1974, FFU synthetic wood has also been expanded to applications such as sleepers for railroads in Japan and overseas and tunnel excavation, and demand is growing due to the increasing need to reduce environmental impact.

In the years to come, we will continue to create products that help solve social issues and contribute to the maintenance of a resilient social infrastructure.

History of Adaptability

To address the problem of aging sewer pipes in urban areas and other locations, in 1986 we developed the sewer pipe renewal (SPR) method jointly with Tokyo Metropolitan Sewerage Service Corporation and Adachi Construction & Industry Co., Ltd. Requiring no excavation, this method achieved a significant shortening in construction times and a significant reduction in industrial waste, such as earth and sand. Having seen the damage to water pipes caused by the Great Hanshin-Awaji Earthquake in 1995, we rapidly developed ESLO Hyper, Japan's first polyethylene pipe for water distribution. Subsequently demonstrating its earthquake resistance in major tremors that occurred in quick succession, ESLO Hyper was stipulated as an earthquake-resistant pipe material in the Ministry of Health, Labour, and Welfare's Water Supply Vision in 2004 and the Japan Water Works Association Water Supply Business Guidelines of 2005. Today, ESLO Hyper is being widely used in the construction and building fields due to its durability, corrosion resistance, and light weight. Overseas, in 1990 we acquired the U.S. plastic sheet manufacturer Kleerdex Company, LLC (today SEKISUI KYDEX, LLC), and established a business foundation in interior materials for aircraft and vehicles. Later, the area was expanded to exterior materials, and we are currently promoting the development of a variety of applications, such as for medical equipment.



Yoshiyuki Hirai

President of Urban Infrastructure & Environmental Products Company

Toward becoming a professional group for solving social issues

There are many examples of SEKISUI CHEMICAL Group's products being used including in disaster prevention and mitigation. Confronting the range of issues that society is facing, we will promote product development that solves those issues to a high level and the development of human resources capable of making proposals while improving the quantity and quality of our social contributions.



Residential water supply and drainage system



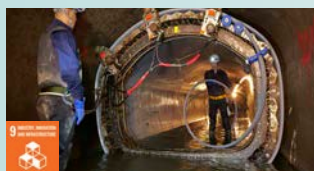
Kucho Hyper CH



High-performance seismic polyethylene pipe



ESLON RCP



Pipeline renewal method (SPR method)



Plastic sheet for medical devices



High-performance resin tatami (MIGUSA)



SEW Work Method (Shield Earth Retaining Wall System)

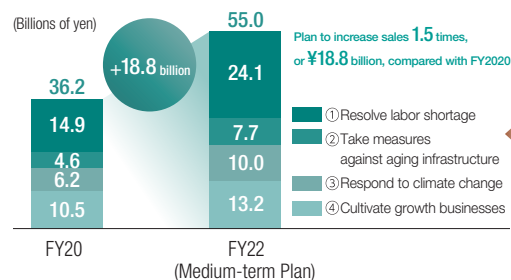
Urban Infrastructure & Environmental Products Company

Urban Infrastructure & Environmental Products Company Future Medium- to Long-term Strategies

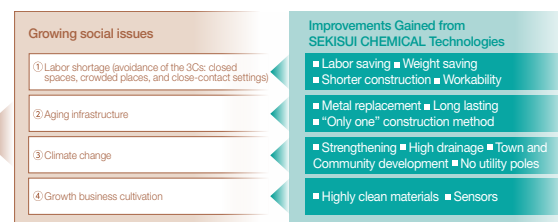
Expand sales of prioritized products

We will contribute to solving increasingly serious and complex social issues (labor shortage, aging infrastructure, and climate change) through prioritized products that combine SEKISUI CHEMICAL Group's technologies.

Prioritized Product Net Sales



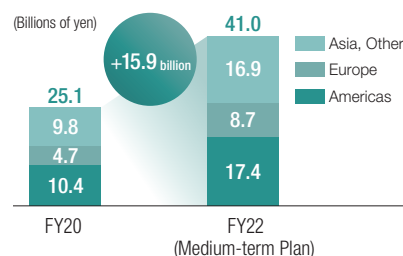
Social Issues and SEKISUI CHEMICAL Group Technologies



Expand Overseas Business

In addition to diversifying business and products, we develop examples of success in Japan mainly in high-value-added products while working to gain new customers and to expand and deepen our sales areas. We will steadily proceed with preparations for the start of FFU synthetic sleeper production in Europe in fiscal 2022.

Sales by Overseas Area



Businesses/Products	Strategies	Europe	Americas	Asia
Sheets	<ul style="list-style-type: none"> Promote of development for medical/railway applications (Europe/Americas) Continuation of production efficiency improvements 	○	○	—
Advanced materials (FFU)	<ul style="list-style-type: none"> Cultivate new customers (Americas/Asia) Establishment of European production base (scheduled to start operation in second half of fiscal 2022) 	●	●	●
Pipeline renewal	<ul style="list-style-type: none"> Promote the of introduction of new products that are easier to install Expand of construction partners and strengthen cooperation 	—	●	●
Plant piping	<ul style="list-style-type: none"> Acquire of Asian demand and semiconductor demand Expand synergies with Tien Phong Joint Stock Company in Vietnam 	—	—	●

●: Examples of domestic success that were expanded to other regions

Sales Innovation

In order to respond to the new normal in the future, in addition to raising product awareness through webinars, we will also make use of our Chiba Solution Center (which commenced operations in July 2021) to provide online information on the status of evaluation tests in a form close to the actual environment, thereby fusing the real and the virtual. In this manner, we will establish a new model for success that encompasses finding new customer to having them decide to adopt our products.

Growth Strategies by Three Strategic Fields

Piping and Infrastructure

The UIEP Company supplies a wide range of piping materials—from water supply/drainage and air-conditioning pipes for residences and buildings to valves and high-performance pipes for plants, and other pipes for such social infrastructure as water supply/sewerage systems in the public sector, as well as agricultural water, electricity, and gas supply systems that are easy to install and help shorten construction periods—in addition to pipeline renewal materials that serve as a countermeasure for aging infrastructure. In addition to conventional earthquake and corrosion resistance properties, we will enhance features, such as pressure resistance and high drainage, to accelerate and promote substitution from metal piping.

Product Example



SPR-NX method



Plant products with high corrosion and chemical resistance

Building and Living Environment

The UIEP Company provides materials for interior use, including prefabricated baths and functional (artificial) tatami, and construction materials for external use, such as rain gutters and downspouts, and exteriors. We will focus on expanding sales of prioritized products such as products to respond to serious disasters, including torrential rain (high flow rate drainage system), nursing care/independence support equipment (wells), and functional (artificial) tatami (MIGUSA).

Product Example



High flow rate drainage system



wells

Advanced Materials

The UIEP Company provides FFU synthetic wood sleepers for railroads, soundproofing materials, plastic molding sheets for interior materials, and liquid transportation containers. There is significant room for market growth in this field, including overseas expansion, and we will accelerate the development of other applications for high-value-added products for aircraft, railroads, and medical care.

Product Example



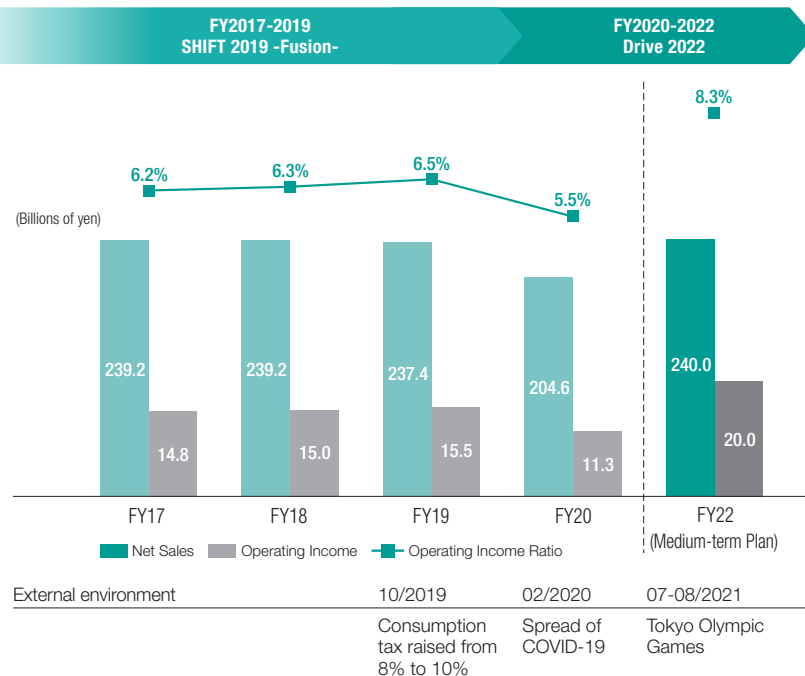
Plastic molding sheets for aircraft cabin interiors



FFU synthetic wood sleepers Europe factory

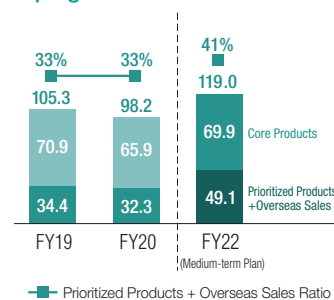
Urban Infrastructure & Environmental Products Company

Performance Highlights

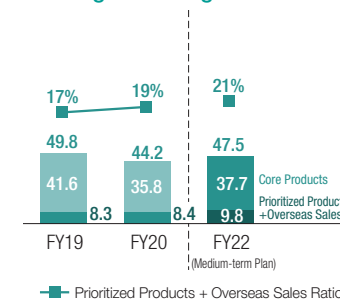


(Billions of yen)	FY17	FY18	FY19	FY20
Assets	207.1	216.7	216.9	210.4
ROIC			7.3%	5.3%
EBITDA	21.4	22.2	23.4	19.9
Depreciation and Amortization	6.4	7.0	7.8	8.7
Capital Expenditures	9.8	13.9	13.6	14.1
R&D Expenditures	6.1	5.9	6.2	6.4
Number of employees	4,945	5,139	5,242	4,959
Consolidated Subsidiaries (Overseas Companies)	38(15)	39(16)	41(16)	40(15)

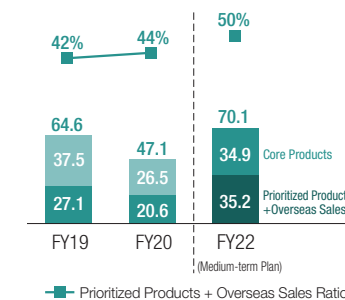
Piping and Infrastructure



Building and Living Environment



Advanced Materials



Fiscal 2020 Results

In fiscal 2020, the UIEP Company experienced decreases in sales volumes and product mix due to the effects of COVID-19, such as delays in domestic construction and lockdowns overseas, and worked to cover those decreases by reducing fixed costs and implementing cost-reduction measures, but profits have declined since fiscal 2014. We promoted structural reforms by improving operational efficiency and transferring businesses to improve our profit structure and achieve an early recovery.

Analysis of Operating Income

FY19 ¥15.5 billion **¥-4.2 billion** **FY20 ¥11.3 billion**

	Consolidated-basis Change (Billions of yen)	Foreign Exchange	Sales Volumes & Product Mix	Selling Price	Raw Materials	Cost Reduction, etc.	Fixed Costs	Total
YoY Full FY	-0.4	0	-8.7	-0.4	+1.5	+1.1	+2.8	-4.2
1H YoY	-0.1	0	-5.8	-0.2	+0.9	+0.6	+1.7	-2.9
2H YoY	-0.4	0	-3.0	-0.2	+0.6	+0.5	+1.2	-1.3

Outlook for Fiscal 2021

With regard to fiscal 2021, the effects of COVID-19 will still be felt in the first half, but in response to the preceding soaring prices of raw materials we will steadily pass them on in product prices. At the same time, we will focus on expanding sales of our prioritized products and new products as well as overseas business. In addition, we will work to improve ROIC through further structural reforms, including production restructuring, investment in production automation, and the improvement of operational efficiency through DX, while aiming for a profit level comparable to that of fiscal 2019.

Urban Infrastructure & Environmental Products Company

Grasping Changes in Society (UIEP Company Sustainability)

Robust Infrastructure Improvements



Pipeline Renewal (SPR Method)

Method to line the inner surfaces of existing pipes. In addition to eliminating the need to dig up roads, the SPR method helps reduce labor while shortening the time required for construction. Unaffected by changes in the weather, the SPR method also reduces noise levels during construction and realizes substantial reductions in waste.



ESLON RCP Reinforced Plastic Composite Pipe

Reinforced plastic composite pipe with high durability and earthquake resistance as well as excellent watertight and hydraulic properties. Possessing high strength under heavy loads, this product is also used as a rainwater drainage pipe at major airports in Japan. It is possible to store rainwater in the pipe, which thus also contributes to measures against torrential rain in cities and buildings.



ESLON Drop Shaft Deep Fall Treatment System

ESLON Drop Shaft is a sewage/rainwater deep fall treatment system developed through joint research with the Organization for the Promotion of New Sewerage Technologies (now the Japan Institute of Wastewater Engineering and Technology) since 1994. Higher performance can be expected not only in durability but also in terms of the maintenance environment and economy. Displaying high downward flow and reduced air entrainment in rainwater applications, the system thus also contributes to measures against torrential rain.

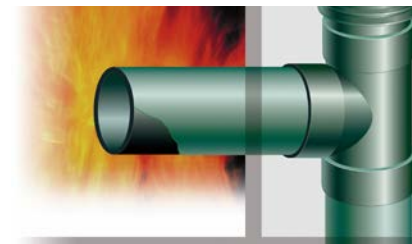


Climate Change



ESLON Fire-resistant VP Rigid PVC pipes and Fittings for Buildings

The industry's first fire-resistant plastic pipe that is comprised of a polyvinyl chloride (PVC) layer and a specially blended intermediate layer that expands at high temperatures to form an insulating and fireproof coating. Eliminating the need for an additional fireproof layer, ESLON fire-resistant VP rigid pipes enable easy installation while serving as a countermeasure against the shortage of labor.



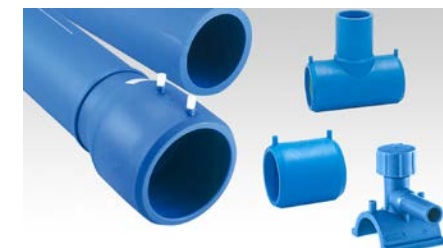
Synthetic Sleepers for Railroads (FFU)

Fiber-reinforced foamed urethane (FFU) railway sleeper that boasts excellent water-resistant durable properties; requiring no preservatives, contributes to the reduction of environmental impact; plans to establish a production base in Europe, where demand is strong, to further expand operations.



ESLON Hyper Polyethylene Water Supply Pipe

With excellent flexibility and tough joints, ESLON Hyper helps prevent damage and water leakages due to earthquakes and land subsidence, while continuing to supply safe water. Lightweight, labor-saving construction, corrosion resistant.



Health and Welfare



wells Large-size Prefabricated Bath

Part of a range of ergonomically designed nursing care and independence support equipment, this bath also features high heat insulation and earthquake resistance. Enabling arrangement in accordance with the interior of the bathroom, in addition to its quick assembly and ease of maintenance, this bath can also accommodate changes in physical characteristics that change over time.



Trends in UIEP Company products to enhance sustainability sales

