



FY2017 Second Quarter Financial Result

November 7, 2017

Sekisui Plastics Co., Ltd.

(First Section of Tokyo Stock Exchange, Code Number: 4228)

FY2017 1H Financial Result - Outline

(Unit: billions of yen)

	FY2016 1H Results (A)	FY2017 1H Plan (B)	FY2017 1H Results (C)	YoY (C)−(A)	Versus Plan (C)−(B)
Net sales	48.72	53.30	54.70	+5.98	+1.40
Overseas sales (Overseas sales ratio)	7.48 (15.4%)	8.70 (16.3%)	9.58 (17.5%)	+2.10 (+2.1%)	+0.88 (+1.2%)
Operating income (operating income ratio)	2.39 (4.9%)	2.00 (3.8%)	2.73 (5.0%)	+0.34 (+0.1%)	+0.73 (+1.2%)
Recurring income	2.06	2.00	2.73	+0.67	+0.73
Net income attributable to owners of the parent	1.32	1.30	1.79	+0.47	+0.49

Both net sales and incomes increased relative to the previous FY and the plan.

- Industry Segment: Sales and incomes increased by the global growth (in the Home Appliance/ IT field) and business expansion of automotive components.
- Human Life Segment: Sales and incomes increased since the high-functional sheet business has been in good shape and selling unit prices has been revised.

Operating income, recurring income and net income attributable to owners of the parent posted new records ever in the first half.

FY2017 1H Results: Industry Segment

(Unit: billions of yen)

	FY2016 1H Results (A)	FY2017 1H Plan (B)	FY2017 1H Results (C)	YoY (C) – (A)	Versus plan (C) – (B)
Net sales	17.96	22.20	22.55	+4.59	+0.35
Operating income (Operating income ratio)	1.02 (5.7%)	1.43 (6.4%)	1.71 (7.6%)	+0.69 (+1.9%)	+0.28 (+1.2%)
Recurring income	0.83	1.14	1.48	+0.65	+0.34

- ◆ TECHPOLYMER: Demand for use in light diffusion applications including LCD panels recovered and increased significantly on YoY.
- ◆ PIOCELAN: Demand has been in good shape for use in LCD panel transportation material applications for home appliance/IT in Asia, and increased significantly due to the automotive business expansion to large vehicles.

FY2017 1H Results: Human Life Segment

(Unit: billions of yen)

	FY2016 1H Results (A)	FY2017 1H Plan (B)	FY2017 1H Results (C)	YoY (C) - (A)	Versus plan (C) - (B)
Net sales	30.76	31.10	32.15	+1.39	+1.05
Operating income (Operating income ratio)	2.33 (5.7%)	1.90 (6.4%)	2.36 (7.6%)	+0.03 (+1.9%)	+0.46 (+1.2%)
Recurring income	1.88	1.47	1.94	+0.06	+0.47

- ◆ Agriculture/fishery field remained sluggish under the influence of inclement weather.
- ◆ Food container field was strong since demand for microwave-safe containers increased.
- ◆ Construction materials/civil engineering field was also healthy, driven by private-sector projects and acceleration of infrastructure maintenance.
- ◆ Although sales volumes were flat compared to the previous year, a flexible pricing policy allowed YoY increases in the net sales.

FY2017 2H Revised Plan - Outline

(Unit: billions of yen)

	FY2016	FY2017					
	Annual Results	1H Results	2H Revised Plan	Annual Revised Plan	YoY	Annual Initial Plan	Versus Initial Plan
Net sales	102.4	54.70	58.1	112.8	+10.4	112.0	+0.8
Overseas sales (Overseas sales ratio)	17.1 (16.7%)	9.6 (17.5%)	9.7 (16.7%)	19.3 (17.1%)	+2.1 (+0.4%)	19.2 (17.1%)	0.1 (0%)
Operating income (operating income ratio)	5.4 (5.3%)	2.73 (5.0%)	3.57 (6.1%)	6.3 (5.6%)	+0.9 (+0.3%)	5.8 (5.2%)	+0.5 (+0.4%)
Recurring income	5.0	2.73	3.47	6.2	+1.2	5.7	+0.5
Net income attributable to owners of the parent	3.4	1.79	2.31	4.1	+0.7	3.8	+0.3
(ROE)	5.7%	—	—	6.5%	+0.8%	6.1%	+0.4%

FY2017 2H Revised Plan: Industry Segment

(Unit: billions of yen)

	FY2016	FY2017					
	Annual Results	1H Results	2H Revised Plan	Annual Revised Plan	YoY	Annual Initial Plan	Versus Initial Plan
Net sales	40.2	22.55	24.05	46.60	+6.40	46.40	+0.20
Operating income (Operating income ratio)	2.6 (6.5%)	1.71 (7.6%)	2.02 (8.4%)	3.73 (8.0%)	+1.13 (+1.5%)	3.64 (7.8%)	+0.09 (+0.2%)
Recurring income	2.0	1.48	1.72	3.20	+1.20	3.10	+0.10

◆ Global - Business Expansion

Home Appliance/IT field: China, Taiwan, Europe and the Americas

Automobile field: Asia and Europe

Medical/Health Care field: Europe and the Americas

◆ Proactive introduction of new products/goods (ST-LAYER, ELASTIL, TECHEATER)

◆ Customer expansion and in-share increase (PIOCELAN, TECHPOLYMER, ST-gel)

FY2017 2H Revised Plan: Human Life Segment

(Unit: billions of yen)

	FY2016	FY2017					
	Annual Results	1H Results	2H Revised Plan	Annual Revised Plan	YoY	Annual Initial Plan	Versus Initial Plan
Net sales	62.2	32.15	34.05	66.20	+4.00	65.60	+0.60
Operating income (Operating income ratio)	4.7 (7.5%)	2.36 (7.4%)	2.69 (7.9%)	5.05 (7.6%)	+0.35 (+0.1%)	4.58 (7.0%)	+0.47 (+0.6%)
Recurring income	3.8	1.94	2.26	4.20	+0.40	3.70	+0.50

- ◆ Increase in in-store shares at existing bead/sheet customers
- ◆ Business expansion of functional food containers (microwaveable/freezable containers)
- ◆ Expansion of import/export businesses in agriculture/fishery field (strengthened development of freshness preservation materials)
- ◆ Expansion of fabrication businesses by regional representative companies, and in Asia
- ◆ Cost reduction through energy-saving and productivity-improvement activities, as well as by wide-area logistics innovation.

Capital Investment Status

(Unit: billions of yen)

	FY2016 Results	FY2017					
		1H Results	2H Revised Plan	Annual Revised Plan	YoY	Annual Initial Plan	Versus Initial Plan
Capital expenditures	5.8	2.7	1.9	4.6	-1.2	4.8	-0.2
Depreciation	3.5	2.0	2.2	4.2	+0.7	4.2	0

[FY2017 - Facility Plan]

- ◆ Major Facilities
 - Increase in the extruder capacity in Japan
 - Establishment of a new warehouse/fabrication work place in Taiwan
 - Increase in the capacity of TECHPOLYMER
 - Functional Beads Establishment of a pilot plant

[Refence: FY2016 - Construction Completion]

- ◆ Major Facilities
 - Established a new molding facility in Mexico
 - Increased production capacity in EU and established sales base and labo facility
 - Established a new warehouse at the Kanto office

(Units: yen per share)

	FY2016	FY2017			
	Annual Results	Interim	Year-end (prospective)	Total (prospective)	YoY
Dividend per share	*24.0	12.0	15.0	27.0	+3.0
Consolidated payout ratio	32.9%	30.2%			

(*) Converted value after the stock consolidation in October 2016 (two shares into one)

[Dividend policy]

- ◆ The basic policy is to return incomes to shareholders based on consolidated performance as well as the stability of the dividend, and accordingly a consolidated payout target of 30-40% has been set.
- ◆ In accordance with performance trends, the year-end dividend will increase from ¥13 per share to ¥15 per share.
- ◆ Acquisition of treasury share will be conducted regularly and consistently.
(FY2016: 875,000 shares acquired)

【Plan Period】

FY2016 - FY2018

【Plan Name】

Make Innovations 60

Implement “**Business Portfolio Transformation**” and
“**Earnings Structure Reform**” based on the 100-Year Vision

【Action Guideline】

- **Make Business Model Innovations**

Toward the 60th Anniversary of Establishment -

Innovate and visualize thought, action and structure by all the members

Key Measures

Make Innovations 60 Key Measures

(1) Business portfolio transformation (expansion of business/customer bases)

- Thorough implementation of the PDCA cycle in order to adapt to the market/competitive environment
- Speed-up of the global sales expansion
- Maximization of synergistic effects with YAMAKYU and consideration of new M&As

	FY2016 Results	FY2017 Revised Plan	FY2018 Targets
Industry seg. sales ratio	39%	41%	50%

(2) Speed-up of the business model transformation

- Effective PR activities and increase in corporate brand awareness
- Reconstruction of solution-offering sales and enhancement of multi-stage sales approaches
- Enhancement of group-wide development for the fabrication business

	FY2016 Results	FY2017 Revised Plan	FY2018 Targets
Overseas sales ratio	17%	17%	25%

	FY2016 Results	FY2017 Revised Plan	FY2018 Targets
Strategic merchandise sales ratio	7%	9%	20%

(3) Strengthening of development capabilities by transforming the development promotion system

- Transfer of the themes of New Business Application Development Center to business divisions and launch of new business subjects
- Sharing of information on prototypes using development facilities, and utilization of exhibitions in Japan and overseas
- Strengthening of information collection for next-generation strategic merchandise

	FY2016 - FY2018 revised cumulative figures
Investment for development	¥4.0 billion

Key Measures

Make Innovations 60 Key Measures

(4) Enhancement of competitiveness to build a high-profitability structure

- Appropriate responses to raw material price trends
- Improvement of Group profits by individual profitability, and clarification of input resources
- Wide-area logistics reform through logistics consultants

	FY2018 targets
Reduce logistics expenses	Reductions of more than 20% (versus FY2015)

(5) Personnel portfolio transformation / human resource development

- Streamlining of back-office personnel in entire Group
- Sharing of Group personnel vision, and individual development in each department
- Review of the personnel systems from a viewpoint of Group management members



Thank you sincerely for your kind attention.

★ For any inquiries regarding the content, please contact
CSR/Public Relations Department at +81-(0)3-3347-9711.

★ For more information, please visit on our website.

URL: <http://www.sekisuiplastics.com/>

Forecasts and other forward-looking statements appearing in this report are based on company judgements formed from available information. Changing conditions in a variety of areas may cause substantial differences in the actual results.