

# Financial Summary

For the three months ended June 30, 2019

(July 24, 2019)

**Shin-Etsu Chemical Co., Ltd.**

## Disclaimer Regarding Forward-Looking Statements

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollar and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.



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## Operating Performance (Consolidated)

(Billions of Yen)

|  | 2018<br>April - June | 2019<br>April - June | Increase<br>(Decrease)      |
|--|----------------------|----------------------|-----------------------------|
| <b>Net Sales</b>                                       | <b>383.6</b>         | <b>386.2</b>         | <b>0.7%</b><br><b>2.6</b>   |
| <b>Operating Income</b>                                | <b>95.4</b>          | <b>107.5</b>         | <b>12.7%</b><br><b>12.1</b> |
| <b>Ordinary Income</b>                                 | <b>99.4</b>          | <b>108.9</b>         | <b>9.5%</b><br><b>9.5</b>   |
| <b>Net income attributable<br/>to owners of parent</b> | <b>73.7</b>          | <b>84.0</b>          | <b>14.0%</b><br><b>10.3</b> |
| <b>ROIC (per annum)</b>                                | <b>21.1 %</b>        | <b>21.0 %</b>        | <b>(0.1 points)</b>         |
| <b>ROE (per annum)</b>                                 | <b>12.6 %</b>        | <b>13.6 %</b>        | <b>1.0 points</b>           |
| <b>ROA (per annum)</b>                                 | <b>13.8 %</b>        | <b>14.4 %</b>        | <b>0.6 points</b>           |
| <b>Net income per share (Yen)</b>                      | <b>173</b>           | <b>202</b>           | <b>29</b>                   |

Notes: • ROIC: Return on invested capital.

Net operating income after tax / (Net assets + Interest-bearing liabilities—Cash)

• ROE: Return (Net Income) on equity.

Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.

• ROA: Return (Ordinary Income) on total assets.

• ROIC, ROE and ROA (per annum) are calculated by multiplying net operating income after tax, net income and ordinary income for the first quarter by four, respectively.



# Financial Highlights (Consolidated)

(Billions of Yen)

|                                | 2018<br>April - June | 2019<br>April - June | End of March 31<br>2019 |
|--------------------------------|----------------------|----------------------|-------------------------|
| Net Assets                     | 2,399.3              | 2,561.2              | 2,532.5                 |
| Total Assets                   | 2,842.7              | 3,028.0              | 3,038.7                 |
| Net Assets per Share (Yen)     | 5,480                | 5,998                | 5,915                   |
| Capital Expenditures           | 44.9                 | 56.3                 |                         |
| Depreciation and Amortization  | 29.0                 | 31.6                 |                         |
| R&D Costs                      | 13.7                 | 12.9                 |                         |
| Interest-bearing Liabilities   | 14.6                 | 17.3                 | 14.6                    |
| Number of Employees            | 20,951               | 21,827               | 21,735                  |
| Exchange Rate: Jan - Mar (Avg) | 108.3                | 110.2                |                         |
| (Yen/US\$) Apr - Jun (Avg)     | 109.1                | 109.9                |                         |

Note : An average exchange rate between January and March was used for the Consolidated Income Statements of overseas subsidiaries.



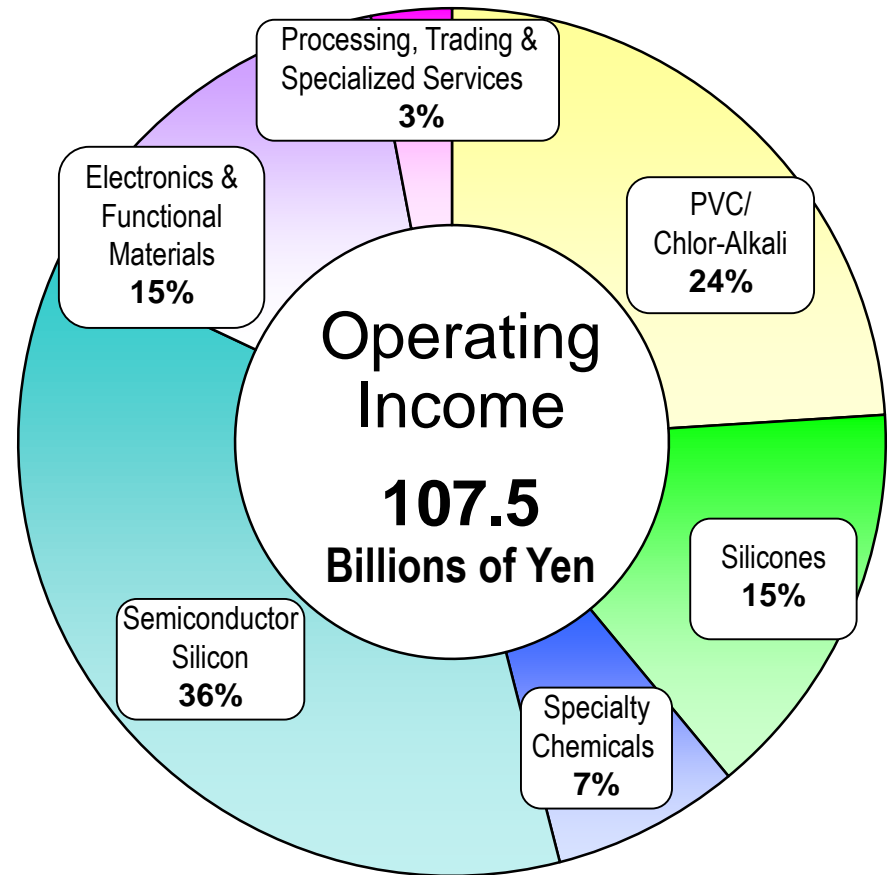
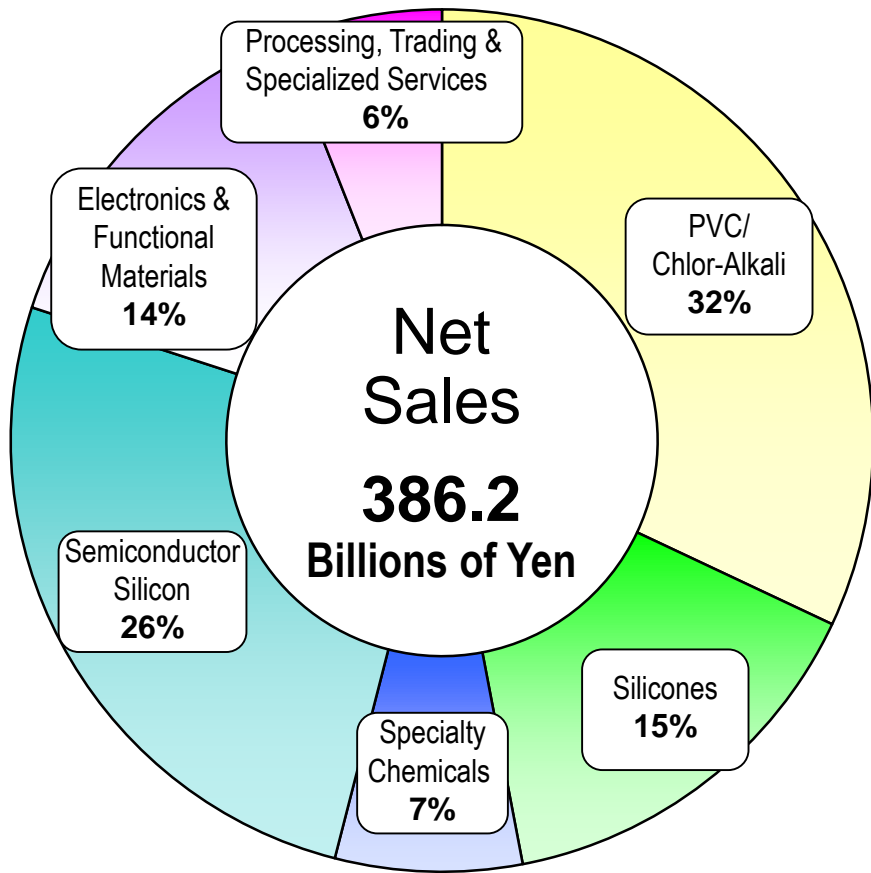
# Segment Information (Consolidated)

(Billions of Yen)

|  | Net Sales         |                   |                           | Operating Income  |                   |                             |
|--|-------------------|-------------------|---------------------------|-------------------|-------------------|-----------------------------|
|  | 2018<br>Apr - Jun | 2019<br>Apr - Jun | Increase<br>(Decrease)    | 2018<br>Apr - Jun | 2019<br>Apr - Jun | Increase<br>(Decrease)      |
| <b>PVC/Chlor-Alkali Business</b>                               | 123.1             | 122.8             | (0.3%)<br>(0.3)           | 26.3              | 25.3              | (3.6%)<br>(1.0)             |
| <b>Silicones Business</b>                                      | 55.6              | 56.3              | 1.3%<br>0.7               | 13.5              | 15.9              | 17.9%<br>2.4                |
| <b>Specialty Chemicals Business</b>                            | 30.5              | 28.9              | (5.2%)<br>(1.6)           | 6.8               | 7.5               | 10.1%<br>0.7                |
| <b>Semiconductor Silicon Business</b>                          | 90.9              | 99.0              | 8.9%<br>8.1               | 30.0              | 39.4              | 31.4%<br>9.4                |
| <b>Electronics &amp; Functional Materials Business</b>         | 56.0              | 54.7              | (2.3%)<br>(1.3)           | 16.0              | 16.6              | 3.8%<br>0.6                 |
| <b>Processing, Trading &amp; Specialized Services Business</b> | 27.2              | 24.2              | (10.9%)<br>(3.0)          | 3.0               | 3.5               | 18.1%<br>0.5                |
| <b>Total</b>   | <b>383.6</b>      | <b>386.2</b>      | <b>0.7%</b><br><b>2.6</b> | <b>95.4</b>       | <b>107.5</b>      | <b>12.7%</b><br><b>12.1</b> |

Sales and Operating Income by Segment (Proportion)

2019  
April - June



# Capital Expenditures and Depreciation and Amortization by Segment

(Billions of Yen)

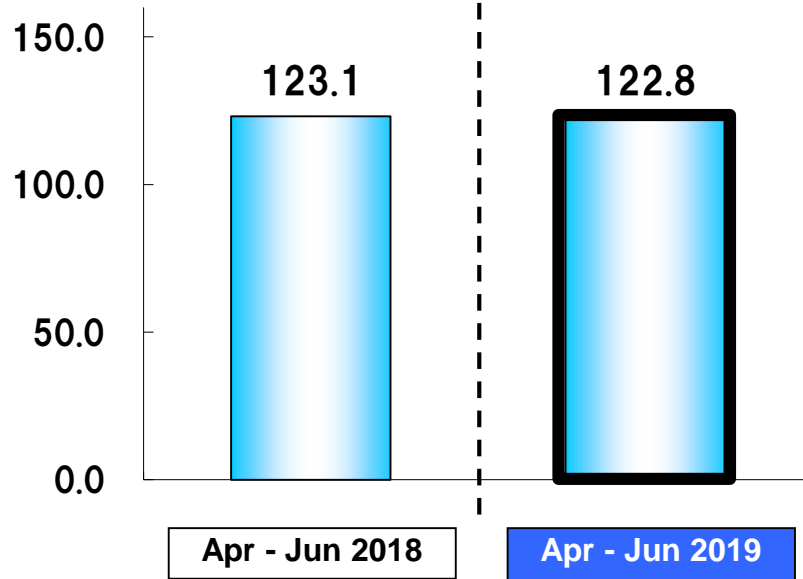
|  | 2018<br>April - June | 2019<br>April - June |
|--|----------------------|----------------------|
| <b>Capital Expenditures</b>                            | <b>44.9</b>          | <b>56.3</b>          |
| PVC/Chlor- Alkali Business                             | 11.5                 | 18.3                 |
| Silicones Business                                     | 3.7                  | 8.4                  |
| Specialty Chemicals Business                           | 3.4                  | 5.0                  |
| Semiconductor Silicon Business                         | 16.6                 | 14.7                 |
| Electronics & Functional<br>Materials Business         | 5.8                  | 8.7                  |
| Processing, Trading &<br>Specialized Services Business | 3.6                  | 1.2                  |
| <b>Depreciation and Amortization</b>                   | <b>29.0</b>          | <b>31.6</b>          |
| PVC/Chlor- Alkali Business                             | 7.8                  | 8.2                  |
| Silicones Business                                     | 2.9                  | 3.6                  |
| Specialty Chemicals Business                           | 2.6                  | 2.4                  |
| Semiconductor Silicon Business                         | 10.4                 | 11.2                 |
| Electronics & Functional<br>Materials Business         | 4.2                  | 4.8                  |
| Processing, Trading &<br>Specialized Services Business | 0.9                  | 1.2                  |

# PVC/Chlor-Alkali Business Segment

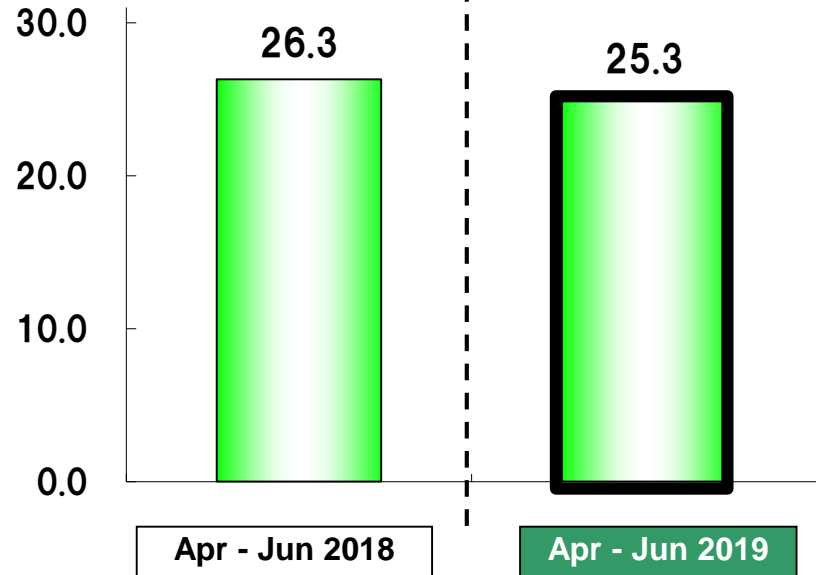
## Net Sales

## Operating Income

(Billions of Yen)



(Billions of Yen)



- With regard to the PVC/Chlor-Alkali business, both PVC and caustic soda continued high levels of shipments at Shintech Inc. in the U.S., despite some impact of the market conditions.
- Further, shipments were also steady at the European bases.
- At the Japanese bases, both domestic and overseas sales volume increased because the duration of periodic maintenance carried out in the present term was shorter than in the previous term.





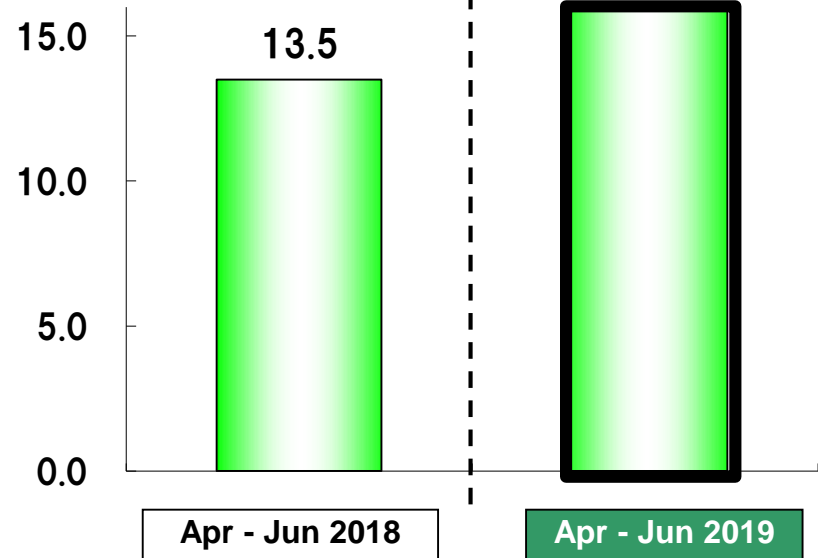
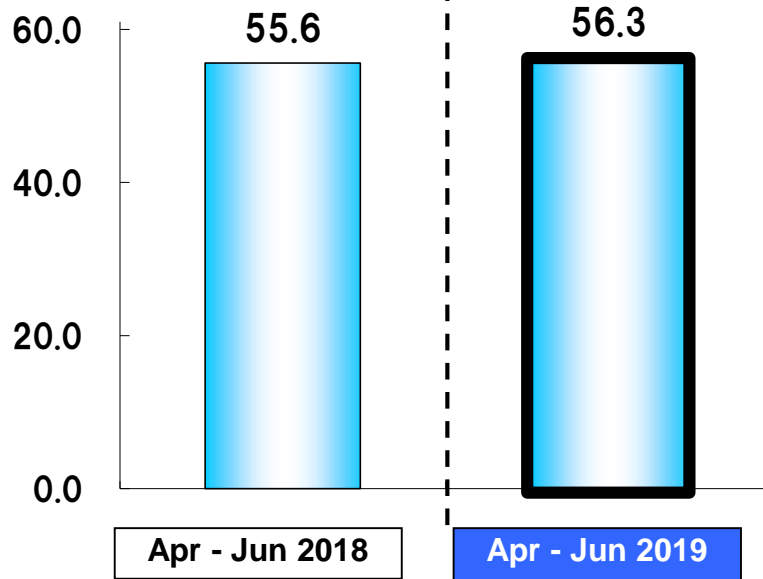
# Silicones Business Segment

## Net Sales

## Operating Income

(Billions of Yen)

(Billions of Yen)



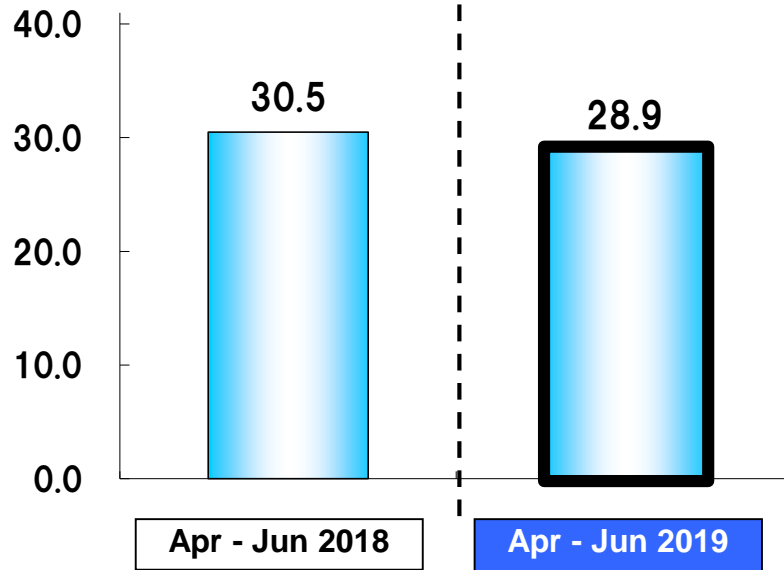
- With regard to the silicones business, although it was affected by the price decline of general-purpose products, the shipments were firm as a result of our endeavors to increase the sales of functional products and other products.

# Specialty Chemicals Business Segment

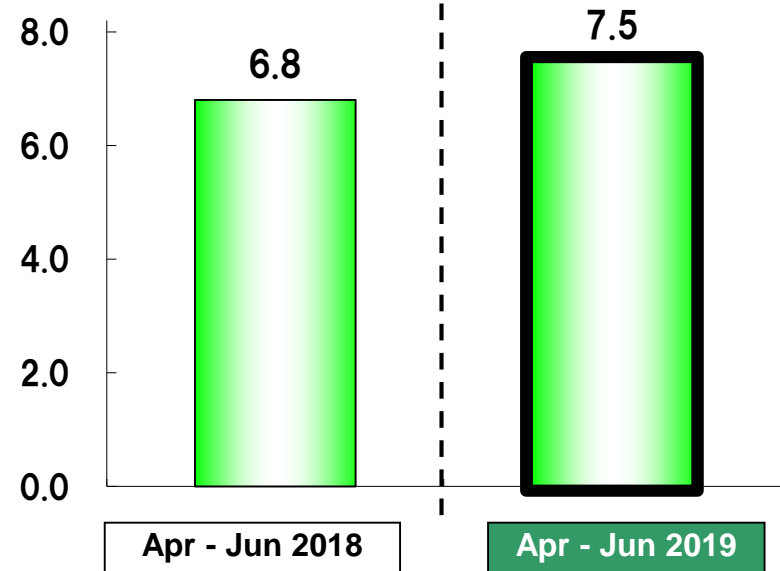
## Net Sales

## Operating Income

(Billions of Yen)



(Billions of Yen)



- With regard to the cellulose derivatives business, the pharmaceutical-use products continued to be firm although products for building, construction and coating applications were weak in some regions.
- Synthetic pheromone products and POVAL products had firm shipments.

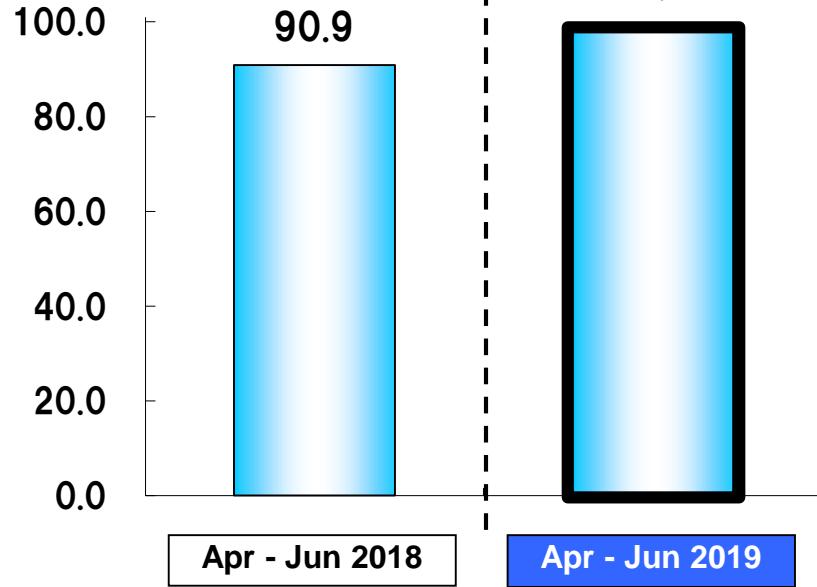


# Semiconductor Silicon Business Segment

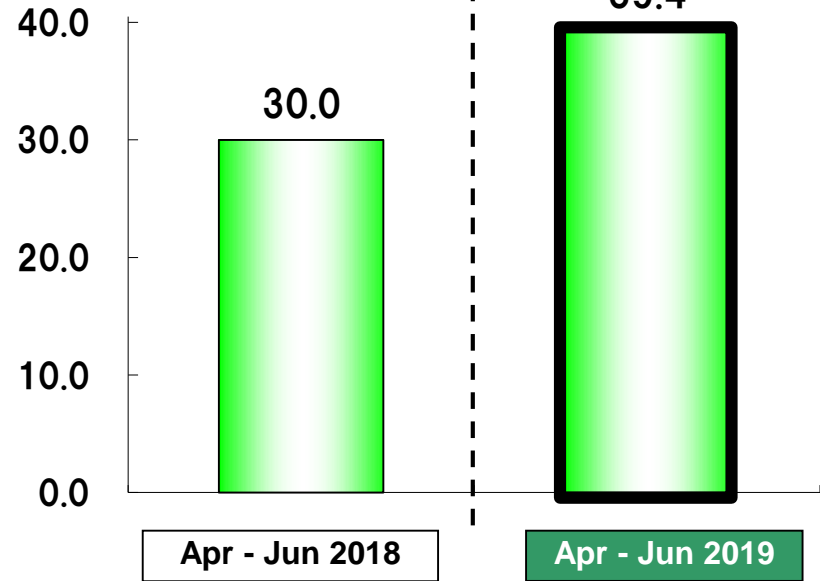
## Net Sales

## Operating Income

(Billions of Yen)



(Billions of Yen)



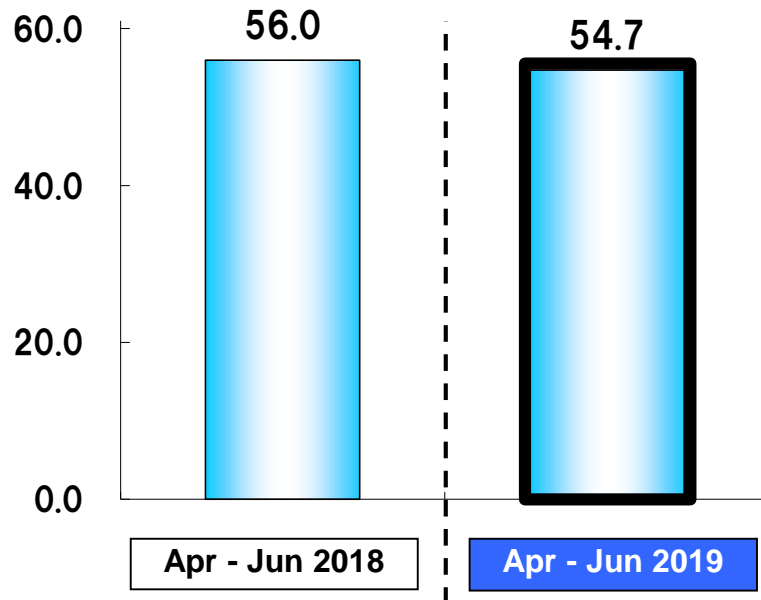
- With regard to the semiconductor silicon business, the business results grew as a result of the high level of shipments maintained, despite a downward trend seen in the semiconductor device market.



# Electronics & Functional Materials Business Segment

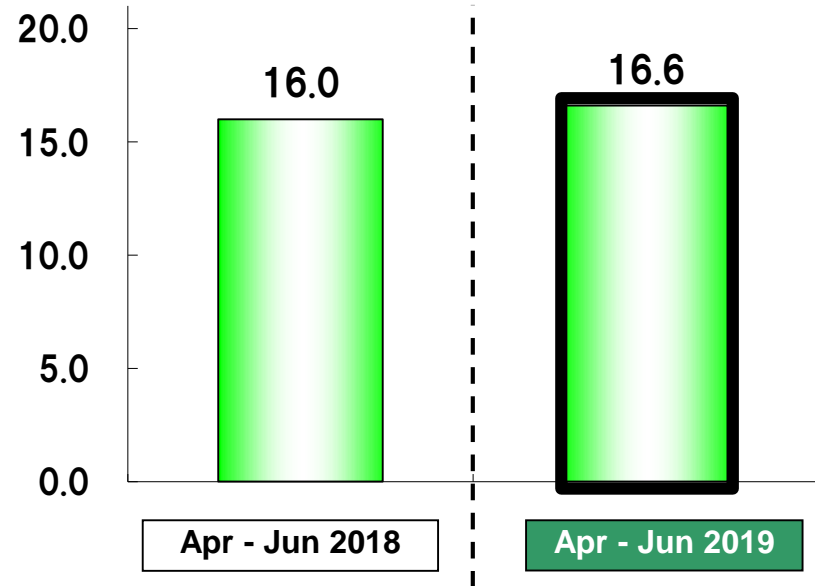
## Net Sales

(Billions of Yen)



## Operating Income

(Billions of Yen)



- With regard to the rare earth magnets business, products for applications in automobiles including hybrid cars had firm shipments, although those for industrial equipment and hard disc drives applications were affected by the slowing demand.
- With regard to the photoresist products business, ArF photoresists were favorable.
- Regarding photomask blanks, the sales of products in all ranges, i.e., general-purpose and high-end products in addition to ultra high-end products, increased and were favorable.
- The optical fiber preform business was in a severe condition due to the impact of the rapidly deteriorating market.

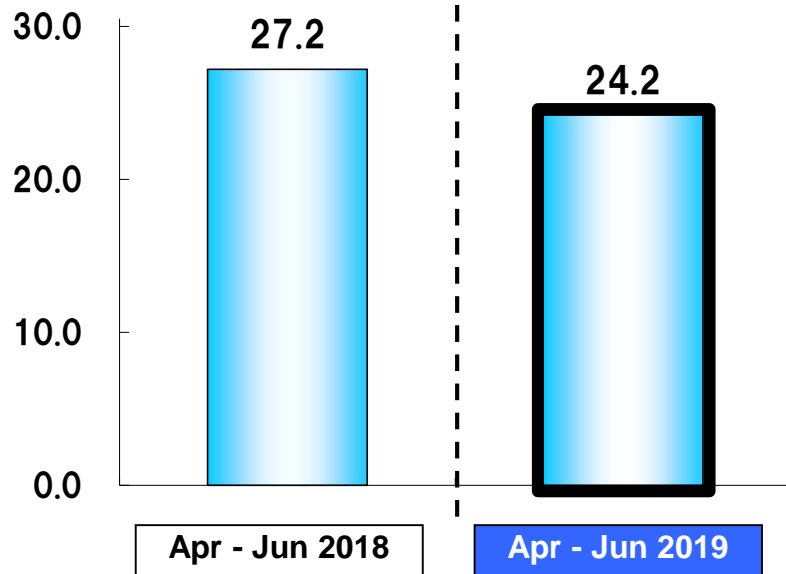


# Processing, Trading & Specialized Services Business Segment

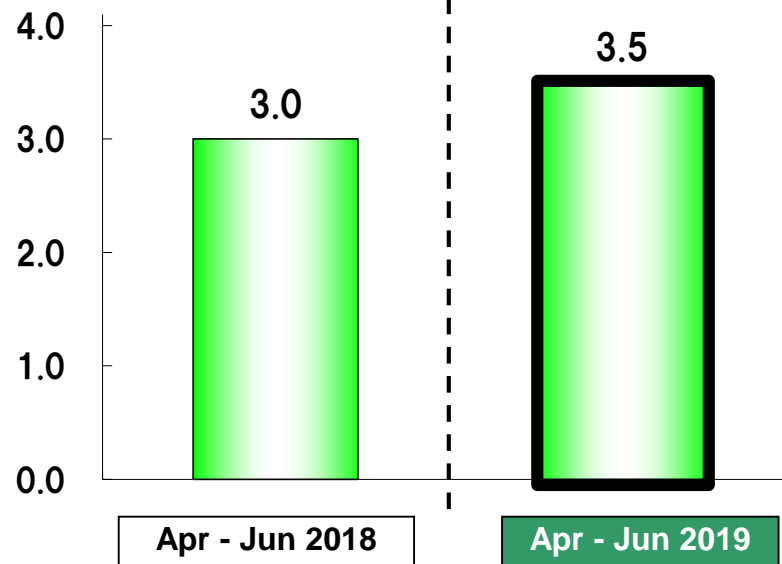
## Net Sales

## Operating Income

(Billions of Yen)



(Billions of Yen)



- **Shin-Etsu Polymer Co., Ltd.'s input device for automobiles had firm shipments; however, the shipments of semiconductor wafer-related containers were affected by customers' inventory adjustments.**

## Overview of our businesses by function and utility

- ◆ We are working on creating value that meets the needs of our customers, markets and society over the long term. In order to realize this, we are reviewing products and businesses from several perspectives and checking product / application development and business development.
- ◆ Our business can be summarized as contributing to four functions / utilities: faster electronics, smarter electronics, better mobility, and healthier life. From this perspective, sales in the first quarter is broken down as below.

| Functions / utilities | 2019 Apr-Jun Consolidated sales composition ratio |
|-----------------------|---|
| Faster electronics    | 36%   |
| Smarter electronics   | 7%  |
| Better mobility       | 5%  |
| Healthier life        | 52%   |

- ◆ Our daily goal is to provide materials of value which will be regarded in a way that it is owing to our products that human life has been enhanced and problems markets and customers experienced have been solved. We strive to keep growing through realizing it.



# Quarterly Net Sales by Segment

**(Net Sales)**

**(Billions of Yen)**

|   | April 2018 -<br>March 2019 |              |              |              | April 2019 -<br>March 2020 |
|---|----------------------------|--------------|--------------|--------------|----------------------------|
|   | 1Q                         | 2Q           | 3Q           | 4Q           | 1Q                         |
| PVC/Chlor-Alkali Business                           | 123.1                      | 138.7        | 137.4        | 124.9        | 122.8                      |
| Silicones Business                                  | 55.6                       | 58.2         | 59.8         | 59.6         | 56.3                       |
| Specialty Chemicals Business                        | 30.5                       | 29.2         | 32.5         | 28.8         | 28.9                       |
| Semiconductor Silicon Business                      | 90.9                       | 96.4         | 98.1         | 94.7         | 99.0                       |
| Electronics & Functional Materials Business         | 56.0                       | 58.8         | 57.7         | 53.4         | 54.7                       |
| Processing, Trading & Specialized Services Business | 27.2                       | 26.5         | 29.4         | 25.5         | 24.2                       |
| <b>Total</b>  | <b>383.6</b>               | <b>408.0</b> | <b>415.1</b> | <b>387.1</b> | <b>386.2</b>               |



# Quarterly Operating Income by Segment

**(Operating Income)**

**(Billions of Yen)**

|   | April 2018 -<br>March 2019 |              |              |             | April 2019 -<br>March 2020 |
|---|----------------------------|--------------|--------------|-------------|----------------------------|
|   | 1Q                         | 2Q           | 3Q           | 4Q          | 1Q                         |
| PVC/Chlor-Alkali Business                           | 26.3                       | 33.3         | 31.2         | 15.5        | 25.3                       |
| Silicones Business                                  | 13.5                       | 15.5         | 16.7         | 12.7        | 15.9                       |
| Specialty Chemicals Business                        | 6.8                        | 6.6          | 7.5          | 5.6         | 7.5                        |
| Semiconductor Silicon Business                      | 30.0                       | 36.6         | 37.3         | 28.0        | 39.4                       |
| Electronics & Functional Materials Business         | 16.0                       | 18.1         | 18.3         | 14.5        | 16.6                       |
| Processing, Trading & Specialized Services Business | 3.0                        | 3.4          | 4.0          | 2.7         | 3.5                        |
| <b>Total</b>  | <b>95.4</b>                | <b>113.8</b> | <b>115.3</b> | <b>79.0</b> | <b>107.5</b>               |



# Comparative Income Statements (Consolidated)

(Billions of Yen)

|   | 2018<br>April - June | 2019<br>April - June | Increase<br>(Decrease) |
|---|----------------------|----------------------|------------------------|
| <b>Net Sales</b>  | <b>383.6</b>         | <b>386.2</b>         | 0.7%<br><b>2.6</b>     |
| <b>Cost of sales</b>  | <b>251.2</b>         | <b>240.3</b>         | <b>(10.9)</b>          |
| <b>Selling, general and<br/>administrative expenses</b>           | <b>36.9</b>          | <b>38.3</b>          | <b>1.4</b>             |
| <b>Operating Income</b>   | <b>95.4</b>          | <b>107.5</b>         | 12.7%<br><b>12.1</b>   |
| <b>Non-operating income/expenses</b>                              | <b>4.0</b>           | <b>1.4</b>           | <b>(2.6)</b>           |
| <b>Ordinary Income</b>  | <b>99.4</b>          | <b>108.9</b>         | 9.5%<br><b>9.5</b>     |
| <b>Extraordinary income</b>                                       | <b>-</b>             | <b>5.8</b>           | <b>5.8</b>             |
| <b>Income Before Income Taxes</b>                                 | <b>99.4</b>          | <b>114.7</b>         | 15.4%<br><b>15.3</b>   |
| <b>Income taxes</b>   | <b>24.4</b>          | <b>29.7</b>          | <b>5.3</b>             |
| <b>Net income attributable to<br/>non - controlling interests</b> | <b>1.2</b>           | <b>0.9</b>           | <b>(0.3)</b>           |
| <b>Net income attributable to<br/>owners of parent</b>            | <b>73.7</b>          | <b>84.0</b>          | 14.0%<br><b>10.3</b>   |

# Comparative Balance Sheets (Consolidated)

(Billions of Yen)

|                                     | Jun 30<br>2018<br>[a] | Mar 31<br>2019<br>[b] | Jun 30<br>2019<br>[c] | Increase<br>(Decrease)<br>[c-a] | Increase<br>(Decrease)<br>[c-b] |   | Jun 30<br>2018<br>[a] | Mar 31<br>2019<br>[b] | Jun 30<br>2019<br>[c] | Increase<br>(Decrease)<br>[c-a] | Increase<br>(Decrease)<br>[c-b] |
|-------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|---------------------------------|---|-----------------------|-----------------------|-----------------------|---------------------------------|---------------------------------|
| <b>Current Assets</b>               | 1,668.1               | 1,750.4               | 1,721.6               | 53.5                            | (28.8)                          | <b>Current Liabilities</b>  | 335.5                 | 391.8                 | 345.4                 | 9.9                             | (46.4)                          |
| Cash and time deposits              | 830.8                 | 826.6                 | 791.1                 | (39.7)                          | (35.5)                          | Notes and accounts payable-trade  | 124.6                 | 141.0                 | 131.0                 | 6.4                             | (10.0)                          |
| Notes and accounts receivable-trade | 342.2                 | 338.7                 | 348.7                 | 6.5                             | 10.0                            | Short-term borrowings   | 6.0                   | 7.0                   | 7.6                   | 1.6                             | 0.6                             |
| Securities                          | 197.4                 | 215.4                 | 220.8                 | 23.4                            | 5.4                             | Accrued income taxes  | 26.4                  | 45.7                  | 26.2                  | (0.2)                           | (19.5)                          |
| Inventories                         | 274.0                 | 329.4                 | 332.5                 | 58.5                            | 3.1                             | Other   | 178.3                 | 198.0                 | 180.3                 | 2.0                             | (17.7)                          |
| Other                               | 23.5                  | 40.1                  | 28.2                  | 4.7                             | (11.9)                          | <b>Long-term Liabilities</b>  | 107.8                 | 114.3                 | 121.3                 | 13.5                            | 7.0                             |
|                                     |                       |                       |                       |                                 |                                 | Long-term debt  | 8.5                   | 7.6                   | 9.6                   | 1.1                             | 2.0                             |
| <b>Fixed Assets</b>                 | 1,174.5               | 1,288.2               | 1,306.3               | 131.8                           | 18.1                            | Other   | 99.2                  | 106.6                 | 111.6                 | 12.4                            | 5.0                             |
| Property, Plant and Equipment       | 881.4                 | 987.9                 | 1,018.0               | 136.6                           | 30.1                            | <b>Total Liabilities</b>  | 443.4                 | 506.1                 | 466.7                 | 23.3                            | (39.4)                          |
| Machinery and equipment, net        | 428.3                 | 445.9                 | 435.5                 | 7.2                             | (10.4)                          | Stockholders' Equity  | 2,332.8               | 2,436.7               | 2,468.6               | 135.8                           | 31.9                            |
| Other, net                          | 453.1                 | 541.9                 | 582.5                 | 129.4                           | 40.6                            | Accumulated Other Comprehensive Income  | 4.5                   | 28.8                  | 24.5                  | 20.0                            | (4.3)                           |
| <b>Intangible Assets</b>            | 8.8                   | 8.7                   | 8.8                   | 0.0                             | 0.1                             | Share Subscription Rights<br>Non - Controlling Interests<br>in Consolidated<br>Subsidiaries | 61.9                  | 66.9                  | 68.0                  | 6.1                             | 1.1                             |
| Investments and Other Assets        | 284.1                 | 291.5                 | 279.4                 | (4.7)                           | (12.1)                          | <b>Total Net Assets</b>   | 2,399.3               | 2,532.5               | 2,561.2               | 161.9                           | 28.7                            |
| <b>Total Assets</b>                 | 2,842.7               | 3,038.7               | 3,028.0               | 185.3                           | (10.7)                          | <b>Total Liabilities<br/>and Net Assets</b>   | 2,842.7               | 3,038.7               | 3,028.0               | 185.3                           | (10.7)                          |

(Reference) Breakdown of Comparative Balance Sheets  
(Consolidated)

(Billions of Yen)

|                                     | Mar 31<br>2019 | Jun 30<br>2019 | Increase<br>(Decrease)<br>[a] | Effect of<br>exchange<br>rate<br>[b] | [a]-[b]       |  | Mar 31<br>2019 | Jun 30<br>2019 | Increase<br>(Decrease)<br>[a] | Effect of<br>exchange<br>rate<br>[b] | [a]-[b]       |
|-------------------------------------|----------------|----------------|-------------------------------|--------------------------------------|---------------|--|----------------|----------------|-------------------------------|--------------------------------------|---------------|
| <b>Current Assets</b>               | <b>1,750.4</b> | <b>1,721.6</b> | <b>(28.8)</b>                 | <b>(0.5)</b>                         | <b>(28.3)</b> | <b>Current Liabilities</b>   | <b>391.8</b>   | <b>345.4</b>   | <b>(46.4)</b>                 | <b>(0.6)</b>                         | <b>(45.8)</b> |
| Cash and time deposits              | 826.6          | 791.1          | (35.5)                        | 0.0                                  | (35.5)        | Notes and accounts payable-trade   | 141.0          | 131.0          | (10.0)                        | (0.1)                                | (9.9)         |
| Notes and accounts receivable-trade | 338.7          | 348.7          | 10.0                          | (0.3)                                | 10.3          | Short-term borrowings  | 7.0            | 7.6            | 0.6                           | 0.0                                  | 0.6           |
| Securities                          | 215.4          | 220.8          | 5.4                           | 0.0                                  | 5.4           | Accrued income taxes   | 45.7           | 26.2           | (19.5)                        | 0.0                                  | (19.5)        |
| Inventories                         | 329.4          | 332.5          | 3.1                           | 0.0                                  | 3.1           | Other  | 198.0          | 180.3          | (17.7)                        | (0.5)                                | (17.2)        |
| Other                               | 40.1           | 28.2           | (11.9)                        | (0.2)                                | (11.7)        | Long-term Liabilities  | 114.3          | 121.3          | 7.0                           | (0.1)                                | 7.1           |
|                                     |                |                |                               |                                      |               | Total Liabilities  | 506.1          | 466.7          | (39.4)                        | (0.7)                                | (38.7)        |
| <b>Fixed Assets</b>                 | <b>1,288.2</b> | <b>1,306.3</b> | <b>18.1</b>                   | <b>(0.2)</b>                         | <b>18.3</b>   | Stockholders' Equity   | 2,436.7        | 2,468.6        | 31.9                          | 0.0                                  | 31.9          |
| Property, Plant and Equipment       | 987.9          | 1,018.0        | 30.1                          | (0.2)                                | 30.3          | Accumulated Other Comprehensive Income   | 28.8           | 24.5           | (4.3)                         | 0.1                                  | (4.4)         |
| Intangible Assets                   | 8.7            | 8.8            | 0.1                           | 0.0                                  | 0.1           | Share Subscription Rights Non - Controlling Interests in Consolidated Subsidiaries | 66.9           | 68.0           | 1.1                           | (0.1)                                | 1.2           |
| Investments and Other Assets        | 291.5          | 279.4          | (12.1)                        | 0.0                                  | (12.1)        | Total Net Assets   | 2,532.5        | 2,561.2        | 28.7                          | 0.0                                  | 28.7          |
| <b>Total Assets</b>                 | <b>3,038.7</b> | <b>3,028.0</b> | <b>(10.7)</b>                 | <b>(0.7)</b>                         | <b>(10.0)</b> | Total Liabilities and Net Assets   | 3,038.7        | 3,028.0        | (10.7)                        | (0.7)                                | (10.0)        |

# Overview of Statements of Cash Flows

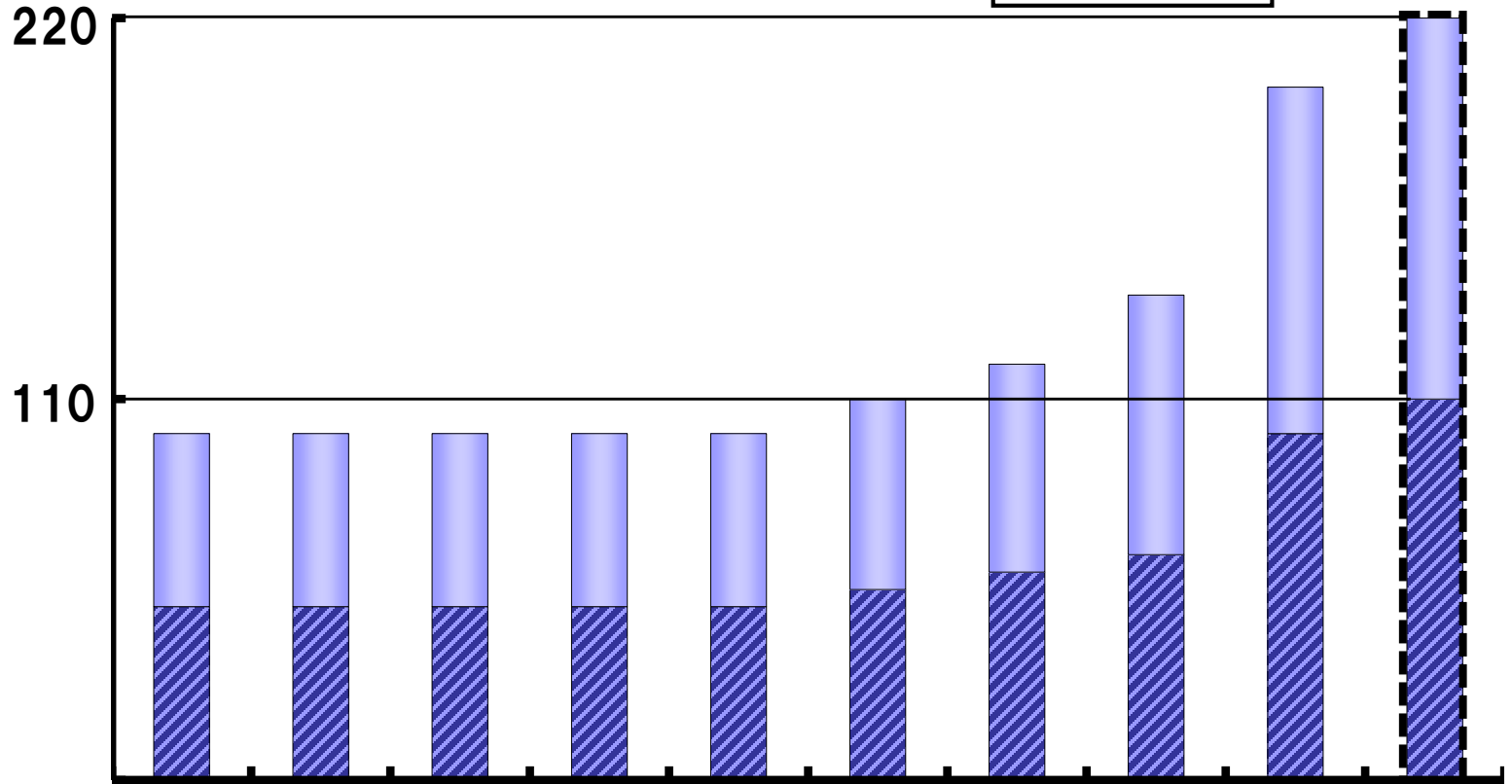
(Billions of Yen)

|  | 2018<br>Apr - Jun | 2019<br>Apr - Jun | Increase<br>(Decrease) |
|--|-------------------|-------------------|------------------------|
| <b>(1) Cash Flows from Operating Activities</b>                                    | <b>67.1</b>       | <b>80.1</b>       | <b>13.0</b>            |
| Income Before Income Taxes   | 99.4              | 114.7             | 15.3                   |
| Payments of income taxes   | (55.7)            | (43.0)            | 12.7                   |
| Depreciation and amortization  | 29.0              | 31.6              | 2.6                    |
| (Increase)Decrease in working capital  | (22.7)            | (23.0)            | (0.3)                  |
| Others   | 17.2              | 0.0               | (17.2)                 |
| <b>(2) Cash Flows from Investing Activities</b>                                    | <b>48.9</b>       | <b>(143.4)</b>    | <b>(192.3)</b>         |
| Capital expenditures   | (41.5)            | (65.4)            | (23.9)                 |
| (Increase)Decrease in securities   | 11.0              | 5.6               | (5.4)                  |
| (Increase)Decrease in time deposits  | 77.9              | (83.8)            | (161.7)                |
| Others   | 1.6               | 0.1               | (1.5)                  |
| <b>(3) Cash Flows from Financing Activities</b>                                    | <b>(34.9)</b>     | <b>(53.0)</b>     | <b>(18.1)</b>          |
| Increase(Decrease) in borrowings   | (0.5)             | 2.6               | 3.1                    |
| Cash dividends paid  | (31.9)            | (41.6)            | (9.7)                  |
| Purchases of treasury stock  | 0.0               | (10.5)            | (10.5)                 |
| Others   | (2.4)             | (3.5)             | (1.1)                  |
| <b>(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other</b> | <b>(7.5)</b>      | <b>(2.2)</b>      | <b>5.3</b>             |
| <b>Net Increase(Decrease) in Cash and Cash Equivalents</b>                         | <b>73.6</b>       | <b>(118.5)</b>    | <b>(192.1)</b>         |
| <b>Balance of Cash and Cash Equivalents</b>  | <b>854.0</b>      | <b>709.7</b>      | <b>(144.3)</b>         |
| <b>Balance of Interest-bearing Liabilities</b>                                     | <b>14.6</b>       | <b>17.3</b>       | <b>2.7</b>             |

Note : These statements were prepared on an informal basis.

● ● ●  
Cash Dividend  
per Share  
(Yen)

# Cash Dividends per Share



Fiscal year ended March    2011    2012    2013    2014    2015    2016    2017    2018    2019    2020

|                               |            |       |       |       |       |       |       |       |       |       |         |
|-------------------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Cash Dividend per Share (Yen) | First half | 50    | 50    | 50    | 50    | 50    | 55    | 60    | 65    | 100   | 110 *   |
|                               | Annual     | 100   | 100   | 100   | 100   | 100   | 110   | 120   | 140   | 200   | 220 *   |
| Net Income per Share (Yen)    | Annual     | 235.8 | 237.0 | 248.9 | 267.2 | 302.0 | 349.5 | 412.9 | 624.3 | 726.0 | 755.2 * |
| Dividend payout ratio         | Annual     | 42.4% | 42.2% | 40.2% | 37.4% | 33.1% | 31.5% | 29.1% | 22.4% | 27.5% | 29.1%*  |

\*Forecast

# Forecast of Consolidated Operating Performance

## Fiscal Year Ending March 31, 2020

(Billions of Yen)

|  | Consolidated                         |  |                        |
|--|--------------------------------------|--|------------------------|
|  | April 2018 -<br>March 2019<br>Actual | April 2019 -<br>March 2020<br>Forecast | Increase<br>(Decrease) |
| <b>Net Sales</b>                                       | 1,594.0                              | <b>1,550.0</b>                         | (2.8%)                 |
| <b>Operating Income</b>                                | 403.7                                | <b>405.0</b>                           | 0.3%                   |
| <b>Ordinary Income</b>                                 | 415.3                                | <b>418.0</b>                           | 0.6%                   |
| <b>Net income attributable<br/>to owners of parent</b> | 309.1                                | <b>314.0</b>                           | 1.6%                   |
| <b>Net Income per Share (Yen)</b>                      | 726                                  | <b>755</b>                             | 29                     |
| <b>Cash Dividend per Share (Yen)</b>                   | 200                                  | <b>220</b>                             | 20                     |
| <b>Capital Expenditures</b>                            | 240.6                                | <b>300.0</b>                           |                        |
| <b>Depreciation and Amortization</b>                   | 137.5                                | <b>150.0</b>                           |                        |

Note: Please see Disclaimer Regarding Forward-Looking Statements on the cover of this document, concerning forecasts.