



FY2019 Second Quarter Financial Results

November 6, 2019

Sekisui Plastics Co., Ltd.

(Securities code: 4228; 1st Section, TSE)



Outline of Today's Briefing

1 FY2019 1H Financial Results

2 FY2019 2H Plan

3 Key Measures for FY2019



Outline of Today's Briefing

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FY2019 1H Financial Results

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Key Measures for FY2019

FY2019 1H Financial Results - Outline

(Unit: billions of yen)	FY2018 1H results (A)	FY2019 1H plan (B)	FY2019 1H results (C)	YoY		Vs Plan	
				(C)-(A)	% of (A)	(C)-(B)	% of (B)
Net sales	54.57	70.30	69.96	15.39	128%	(0.34)	100%
(Overseas sales) (Overseas sales ratio)	10.03 18.4%	25.22 35.9%	26.83 38.4%	16.80	267%	1.61	106%
Operating income (Operating income ratio)	1.92 3.5%	1.60 2.3%	2.06 2.9%	0.14	107%	0.46	129%
Recurring income	1.95	1.60	1.78	(0.17)	91%	0.18	111%
Net income attributable to owners of the parent	1.31	1.10	1.19	(0.12)	91%	0.09	108%

● Higher sales and higher operating income year on year. Profits exceed plan.

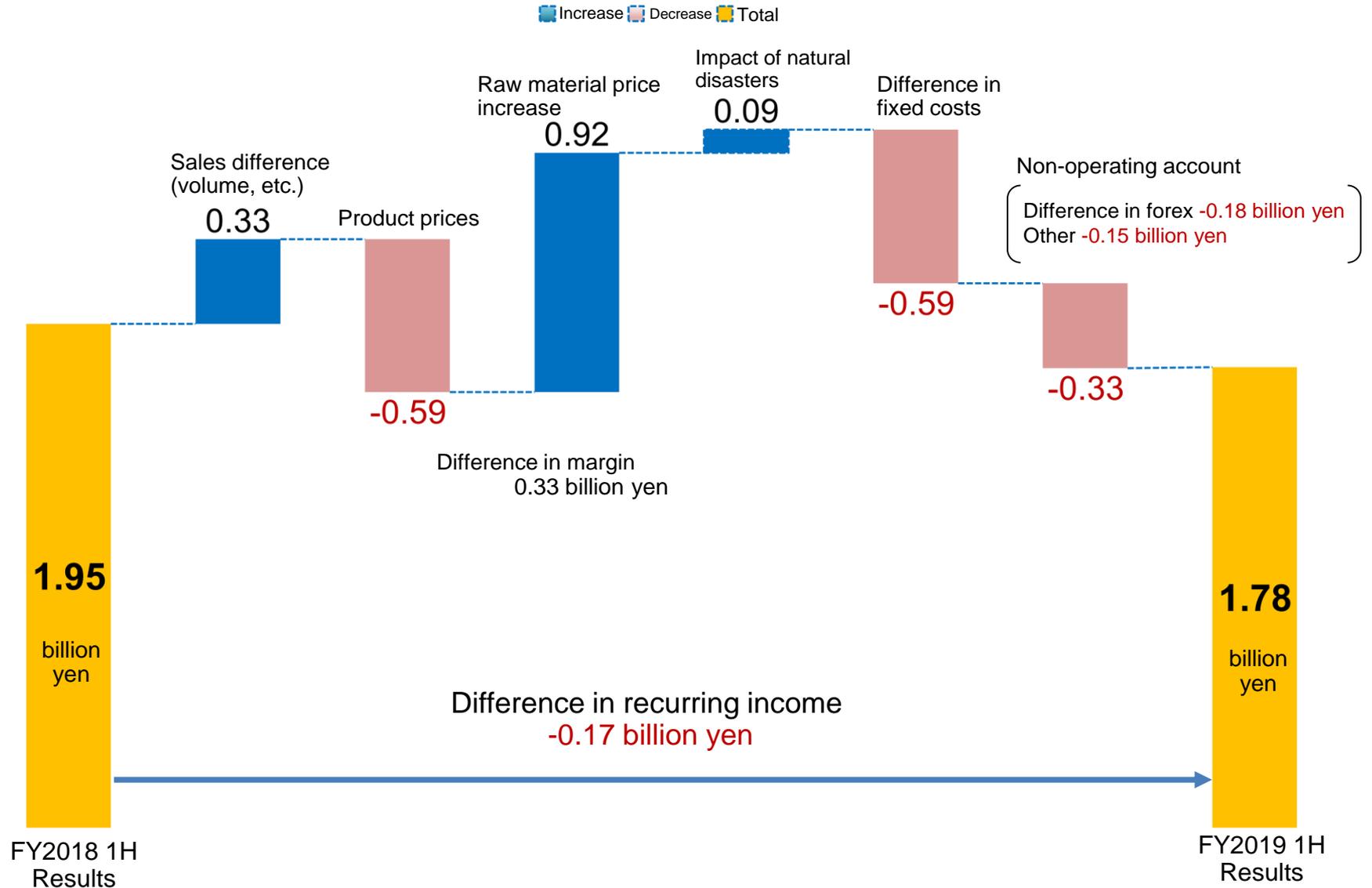
- Sales: increased due to inclusion of Proseat Group
- Profits: operating income rose, but recurring income and net income fell due to the impact of foreign exchange and other factors

Human Life segment recorded a year-on-year recovery

Industry segment posted lower profits partly due to higher depreciation expense

*Includes the Jan-Jun 2019 results of Proseat Group, which had acquired during the previous fiscal year

FY2019 1H Recurring Income Analysis (YoY)



FY2019 1H Results: Industry Segment

(Unit: billions of yen)	FY2018	FY2019	FY2019	YoY		Vs Plan	
	1H results (A)	1H plan (B)	Results (C)	(C)-(A)	% of (A)	(C)-(B)	% of (B)
Net sales	23.48	40.60	40.97	17.49	175%	0.37	101%
Operating income (Operating income ratio)	1.15 4.9%	0.82 2.0%	1.06 2.6%	(0.09)	92%	0.24	129%
Recurring income	1.10	0.60	0.87	(0.24)	79%	0.27	144%

● Despite increase in sales, rising depreciation led to a fall in profits

- Home appliances/IT field

PIOCELAN: Demand grew in Northeast Asia applied to transport materials for LCD panels etc.

TECHPOLYMER: Demand sluggish due to the continued impact of inventory adjustments.

- Automobile field

PIOCELAN: Adoption for automotive components expanded globally.

- Medical and health care field

ELASTIL: Demand for used in the midsole of running shoes, increased.

ST-gel: Demand has been sluggish due to the impact of trade friction.

- Increases in capital investments for strengthening development resulted in higher depreciation.

FY2019 1H Results: Human Life Segment

(Unit: billions of yen)	FY2018	FY2019	FY2019	YoY		Vs Plan	
	1H results (A)	1H plan (B)	Results (C)	(C)-(A)	% of (A)	(C)-(B)	% of (B)
Net sales	31.09	29.70	28.98	(2.11)	93%	(0.72)	98%
Operating income (Operating income ratio)	1.26 4.1%	1.64 5.5%	1.59 5.5%	0.33	126%	(0.05)	97%
Recurring income	1.21	1.62	1.56	0.35	129%	(0.06)	96%

● **Sales declined due to reflection of lower raw fuel prices in product prices, and review of low-profitability products. Profitability recovered due to resolution of delay in passing-on of prices in previous fiscal year, as well as thorough cost-cutting program.**

- **ESLEN Sheet** sales were sluggish, with volumes flat year on year.
- **ESLEN Beads** sales and volumes were both flat year on year.
- In food containers, general-purpose food containers were strong.
- Construction materials/civil engineering-related was flat overall, despite robust demand for embankment applications
- Although agriculture-related business was strong, fishery-related demand remained sluggish
- Efforts were made to improve productivity, save energy, and cut costs



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(Unit: billions of yen)	FY2019	FY2019			FY2018	FY2019		
	1H results (A)	2H plan (B)	Vs 1H (B)-(A) % of (A)			Annual results (C)	Annual plan (D)	YoY (D)-(C) % of (A)
Net sales	70.0	75.0	5.1	107%	112.6	145.0	32.4	129%
(Overseas sales)	26.8	26.7	(0.2)	99%	20.4	53.5	33.1	262%
(Overseas sales ratio)	38.3%	35.5%			18.4%	36.9%		
Operating income	2.1	2.9	0.8	139%	4.8	4.9	0.1	103%
(Operating income ratio)	2.9%	3.8%			4.3%	3.4%		
Recurring income	1.8	2.9	1.1	159%	4.8	4.8	0.0	100%
Net income attributable to owners of the parent	1.2	2.0	0.8	169%	3.1	3.2	0.1	103%

● Expect to achieve the initial plan

- Expand sales primarily by gaining benefits from 1H development themes
Grow **TECHPOLYMER, PIOCELAN and functional food containers**
- Control cost increases by implementing thorough cost reductions in the production and administration divisions

FY2019 2H Plan: Industry Segment

(Unit: billions of yen)	FY2019	FY2019			FY2018	FY2019		
	1H results (A)	2H plan (B)	Vs 1H (B)-(A) % of (A)			Annual results (C)	Annual plan (D)	YoY (D)-(C) % of (D)
Net sales	41.0	43.0	2.1	105%	47.7	84.0	36.3	176%
Operating income (Operating income ratio)	1.1 2.6%	1.8 4.1%	0.7	165%	2.6 5.4%	2.8 3.4%	0.2	109%
Recurring income	0.9	1.5	0.7	177%	2.5	2.4	(0.1)	98%

● Reliably win orders for PIOCELAN. Recovery of TECHPOLYMER.

In terms of profits, contribution from start-up of highly profitable products, primarily ID-themed products

- Home appliances/IT field

PIOCELAN: Demand for use in application to transport materials will be to continue growing in Northeast Asia.

TECHPOLYMER: Demand will recover for optical applications.

- Automobile field.

PIOCELAN: In component applications, expansion of demand in Japan and overseas.

- Medical and health care field

Expansion in **ELASTIL** and recovery in **TECHPOLYMER**.

- Expansion of customer base for existing products, start-up of new products and early gaining of the benefits.

- Cost reductions through improved productivity.

FY2019 2H Plan: Human Life Segment

(Unit: billions of yen)	FY2019	FY2019			FY2018	FY2019		
	1H results (A)	2H plan (B)	Vs 1H (B)-(A) % of (A)			Annual results (C)	Annual plan (D)	YoY (D)-(C) % of (D)
Net sales	29.0	32.0	3.0	110%	64.9	61.0	(3.90)	94%
Operating income (Operating income ratio)	1.6 5.5%	2.0 6.3%	0.4	126%	3.5 5.5%	3.6 5.9%	0.1	102%
Recurring income	1.6	2.0	0.4	127%	3.5	3.6	0.1	102%

● **Functional sheets expect to recover as they enter demand season. Continue to review of low-profitability products.**

- Increase in-store shares with existing customers for beads and sheets
- Expand sales of functional food containers (containers able to withstand microwave heating, and freezing)
- Be reliably winning orders for agricultural and fishery-related products in Japan.
- Implement energy-saving and productivity-improvement actions and thorough cost cuts

(Unit: billions of yen)

	FY2018			FY2019			YoY
	1H results	2H results	Total annual	1H results	2H plan	Annual plan	
Capital investments	4.6	2.8	7.4	3.0	3.3	6.3	(1.1)
Depreciation	2.1	2.4	4.5	2.9	3.2	6.1	1.6

● Capital investments implemented after detailed investigations of content

[1H] Capital investments completed

- Molding machine facilities added
- Equipment upgrades/repairs

[2H] Capital investments to be completed

- Additional molding machine facilities
- Equipment upgrades/repairs
- Investment in information systems

Unit: Yen/share

FY2018			FY2019		
Interim	Year-end	Total	Interim	Year-end (planned)	Total (planned)
13.0	17.0	30.0	13.0	17.0	30.0
Consolidated dividend payout ratio: 43.4%			Consolidated dividend payout ratio: 42.5%		

- **FY2019 interim dividend per share is to be 13 yen.
No change to projected year-end dividend.**

Treasury Stock

In FY2016, 875,000 treasury shares were acquired, resulting in a total payout ratio of 54%.

In FY2017, 568,000 treasury shares were acquired, resulting in a total payout ratio of 54%.

FY2019 1H Financial Position

(Unit: billions of yen)

	FY2018 March 31, 2019	FY2019 1H September 30, 2019	Change
Total assets	15,349.1	14,959.3	(389.8)
Net assets	6,696.0	6,697.4	1.4
Equity ratio	42.5%	43.7%	1.2%
Net assets per share	1,439.43 yen	1,441.75 yen	2.32 yen
(Reference) Shareholders' equity	6,519.3	6,529.7	10.4
Short-term loans payable	1,769.0	1,251.5	(517.5)
Long-term loans payable	1,754.0	2,194.3	440.3
Interest-bearing debt	3,523.0	3,445.8	(77.2)
Debt-to-equity ratio	0.54	0.53	(0.01)

- No major changes to such components of the financial position as equity ratio, interest-bearing debt, debt-to-equity ratio



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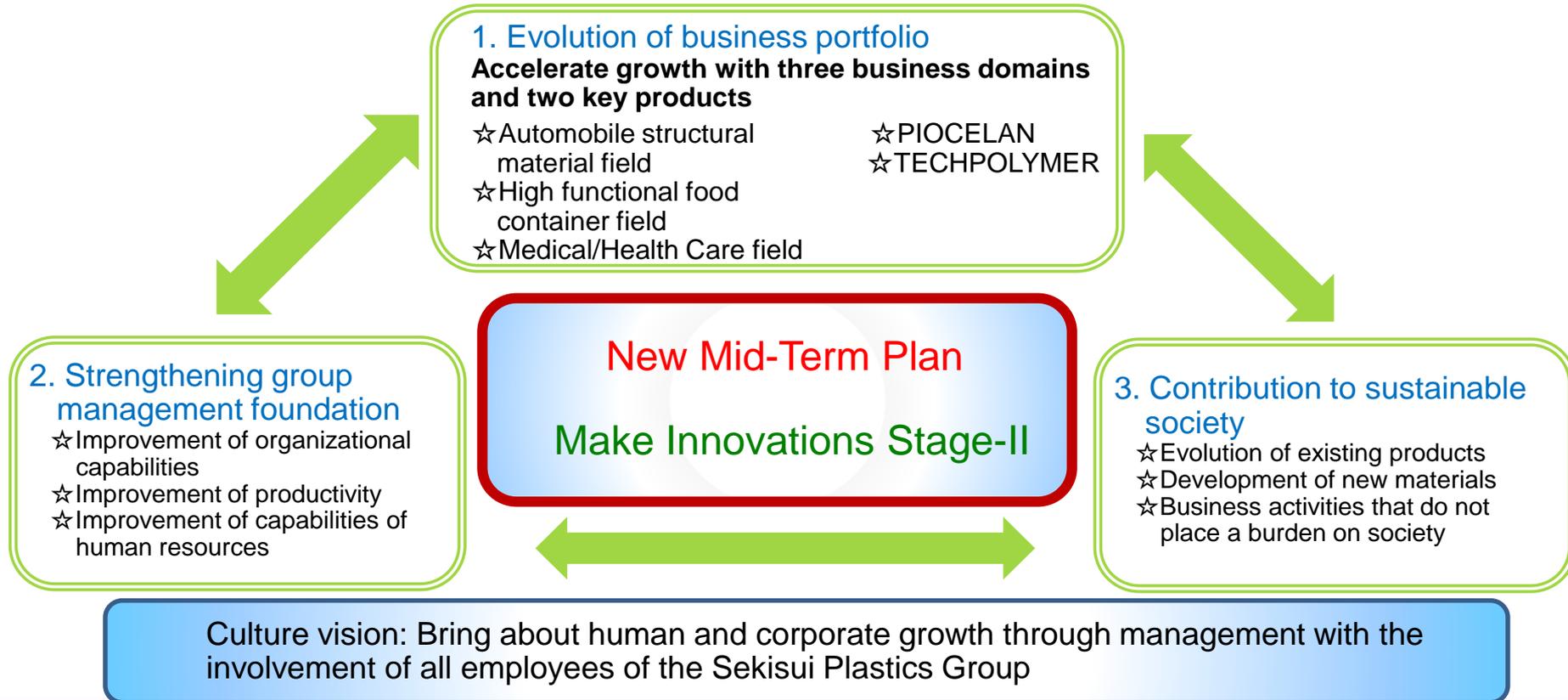
3 Key Measures for FY2019

Basic Policy

Promote business portfolio transformation and execution of strategies to strengthen earnings structure while solidifying position as leading environmental company

Promote and strengthen Make Innovations 60 transformation and work on further improvement of corporate value

- Promote to get contribution from M&A Activities in MI60
- Work to bring about actual results early with MI60 development projects
- Promote further Business Portfolio Transformation
- Strengthen group management foundation and implement efforts that further emphasize the environment



Evolution of Business Portfolio

ID theme-driven A: Business Domains

● Automobile structural material

Policy

1. Increased use of environmentally friendly vehicles
2. Expansion of use globally

***New functions and new materials**
PIOCELAN, ST-LAYER
ELASTIL, ST-Eleveat



● Functional food containers

Policy

1. Capture market for heat-resistant food containers
2. Provision of value-added products

***Develop functional containers to enrich food culture, and enter new markets globally**



● Medical / Health Care

Policy

- Medical: Provision of advanced medical materials
- Cosmetics: Increase in-store share of customers
- Health: Expand highly-functional products globally

***Roll-out of high value-added products**
Expand business by using proprietary technology to capture markets



Evolution of Business Portfolio

ID theme-driven B: Key Products

● PIOCELAN

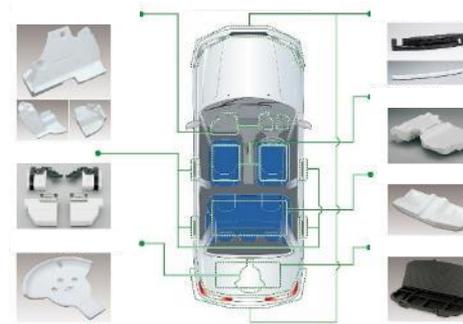
- Measure 1. Expansion of market share - automotive-related products, IT/home appliance packaging, and capturing of new markets
- 2. Embodying of market needs - imparting functionality such as flame retardancy, or heat-resistant raw materials

***Expand target markets using light weight and high strength ⇒ enhancing competitiveness, including raw material modification / development and establishing of production sites**

Home appliances/IT



Automobile

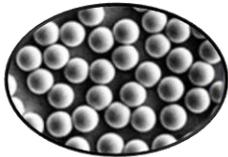


● TECHPOLYMER

- Policy 1. Expansion of market share in display field - accelerate development of composite polymers to meet customer needs
- 2. Expand in global markets - accelerate roll-out of high value-added products in preparation for expansion of new domains

***Acquire first-mover advantage by releasing new products ⇒ aim to double new developments as a percentage of the total**

Paints



Cosmetics



Strengthening Group Management Foundation / Contributing to Sustainable Society

CSR priority issues

Focus Area		Key Points	Policy	Specific Initiatives (Direction, examples)
E (Environmental)	1. Environment	Contributing through our business to the preservation and improvement of the global environment	Business activities based on the SKG-5R* concept Evolving existing products Creating practical uses from new materials Activities that do not place a burden on society Management	Providing sustainable products, goods and services Expanding application products and improving the functionality of products that reduce weight and enhance thermal insulation Developing products making use of biodegradable and biomass plastics Promote recycling, improve energy efficiency of production, administration and management activities improving the environmental management system and complying with all laws and regulations
		Contributing to the environment in cooperation with out stakeholders	Addressing international issues Preseving biodiversity	Compiling and releasing information in cooperation with industry and government Participating in Green Wave and Satoyama Conservation Activities
S (Social)	2. Safety, security and health	Providing safe business activities and work environment Contributing to safe cities and healthy lives	Achieving zero accidents Contributing to the prevention and mitigation of disasters, and the advancement of green Promoting improved health	Strengthening efforts to eliminate accidents and realize zero occupational accidents Developing products that are ccontribute to the advancement of green energy Developing gels for use in medical, cosmetics, and sports related products
	3. Quality	Providing products and services of the highest quality	Complying with product characteristics Reflecting customer feedback	Maintaining and improving product quality Enacting measures to incorporate customer feedback into management
	4. Community	Achieving co-existence and mutual prosperity with local communities and employees	Concluding disaster prevention agreements, etc. Promoting local volunteer activities Promotion workstyle reforms and diversity	Cooperating with local governments Participating in community clean-up activities, disaster relief operations Promoting flex-time, working-at-home, telecommuting for employees Promoting diversity and the development of human resources
G (Governance)	5. Governance	Creating a company where transactions are conducted with confidence	Strengthening the global governance systems Sincere efforts to comply with the Corporate Governance Code Strengthening compliance and risk management measures	Strengthening the global management system Implementing steady manegement, including advisory committees Improving quality in management systems and methods

*SKG-5R: Reduce, Reuse, Recycle, Replace, Re-create

Become Environmental Leading Company

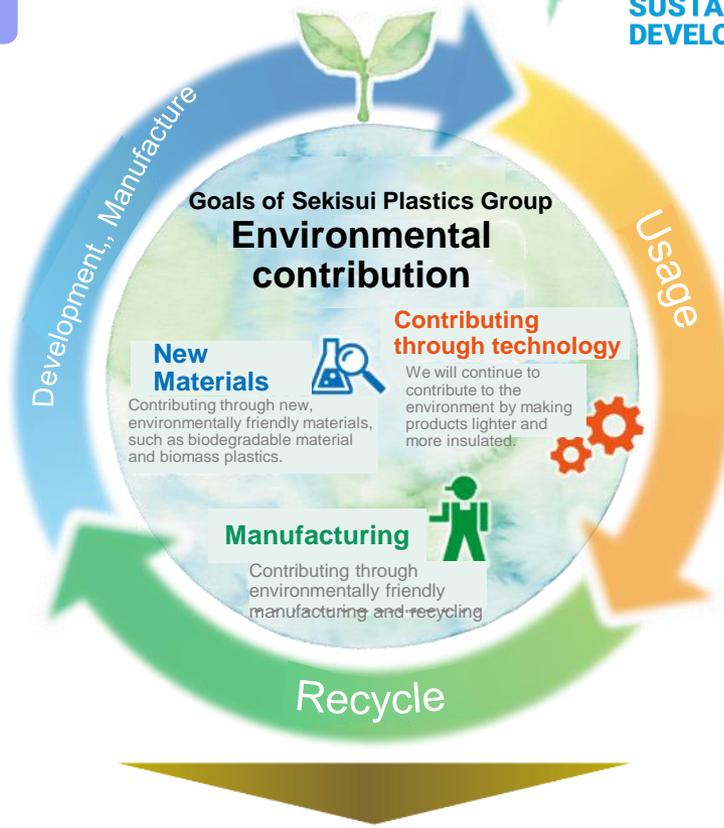
Sekisui Plastics Group - Expanding Our Dreams for People and the Earth



Environmentally friendly foaming technology



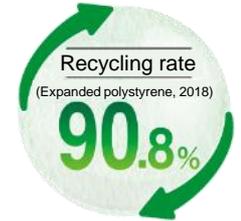
* In the case an expansion ratio is 50 times



The energy saving effect

<p>Thermal Insulation</p> <p>Preserving freshness through temperature management</p> <p>Reduces food loss</p>	<p>Light weight</p> <p>Improving fuel economy by reducing weight of components</p> <p>Reduces CO₂ emissions</p>
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A high recycling rate



Data source: JEPSA

- Contribution to recycling-based society
- Contribution to sustainable society

● Formula SAE Japan 2019

The 2019 competition was won by Nagoya Institute of Technology, of which Sekisui Plastics is a supporter.



August 27-31, 2019 (Shizuoka Prefecture)

Sekisui Plastics provided molds to form the wing and nose cone parts.

● New-look website



● Exhibiting at K2019

October 16-23, 2019 (Germany)





Thank you for listening.

★Inquiries concerning this material:

Call our IR and Public Relations Department at
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