

Financial Results of FY2017 and Progress of Mid-term Business Plan

May 2018

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President

Financial Results of FY2017

Financial Results of FY 2017 [IFRS]

[Unit : Billion yen]

	FY2016	FY2017	Variance	
	(1)	(2)	(2)-(1)	Raito(%)
Revenue	198.1	211.8	13.7	6.9%
Business Profit	16.7	19.3	2.6	15.6%
Operating Profit	12.1	18.6	6.5	54.2%
Profit attributable to owners of parent	9.5	15.1	5.6	58.4%

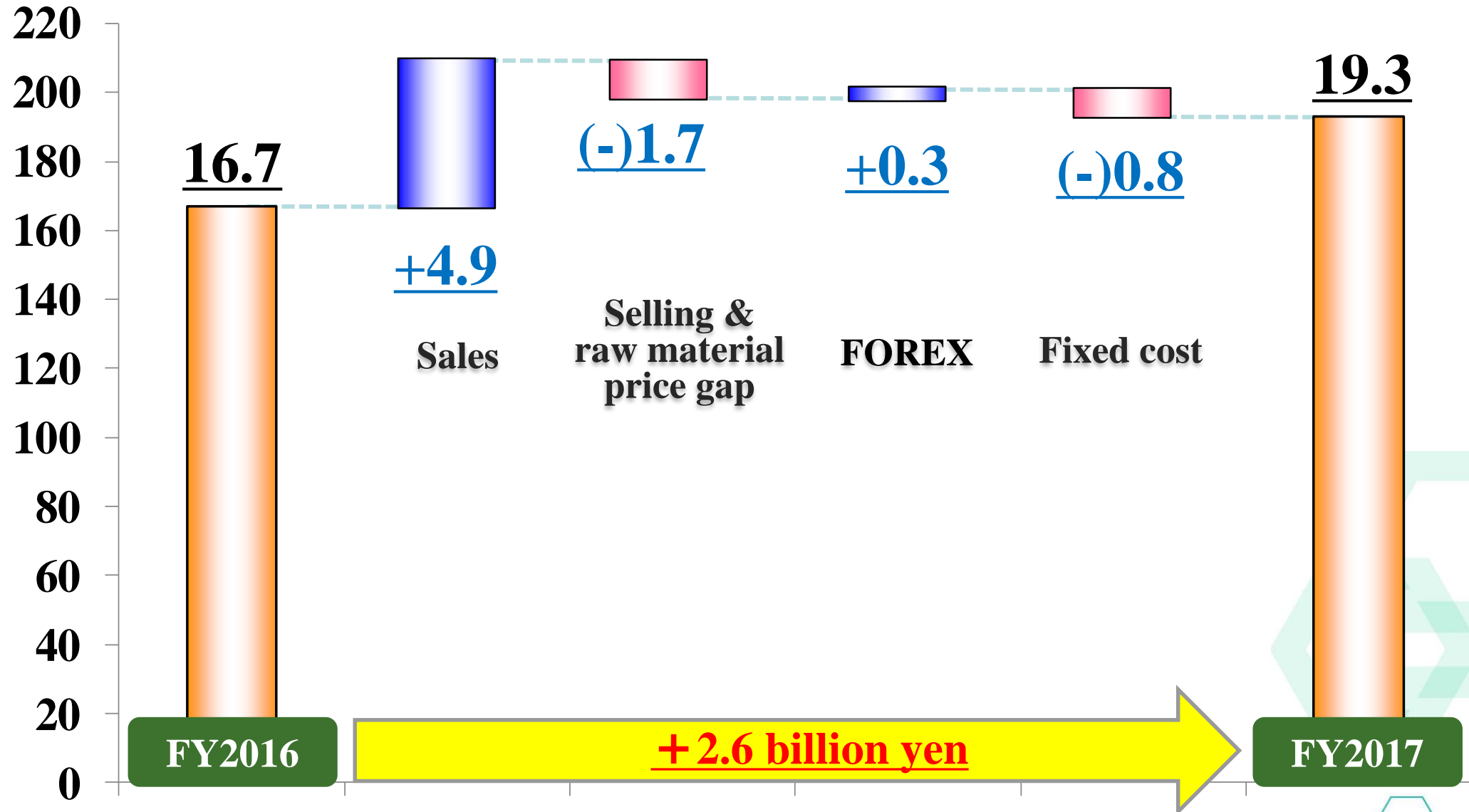
FOREX

JPY / USD	109.18	110.81	*****	*****
JPY / EUR	119.54	129.45	*****	*****

*"Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue"

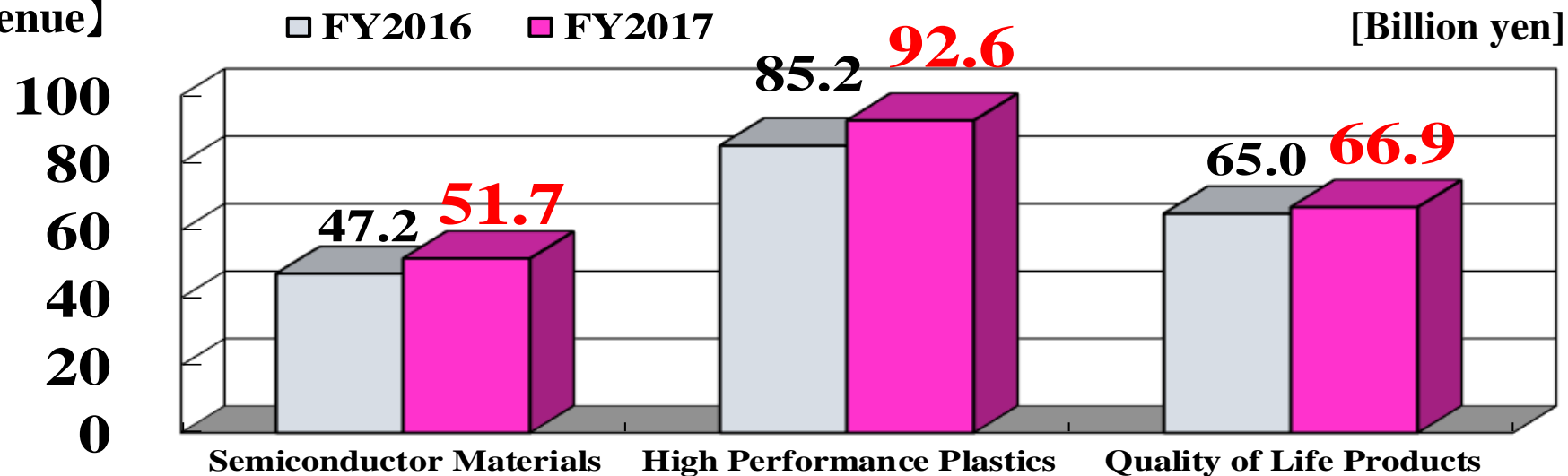
Analysis of Business Profit (Y/Y) [IFRS]

[Billion yen]

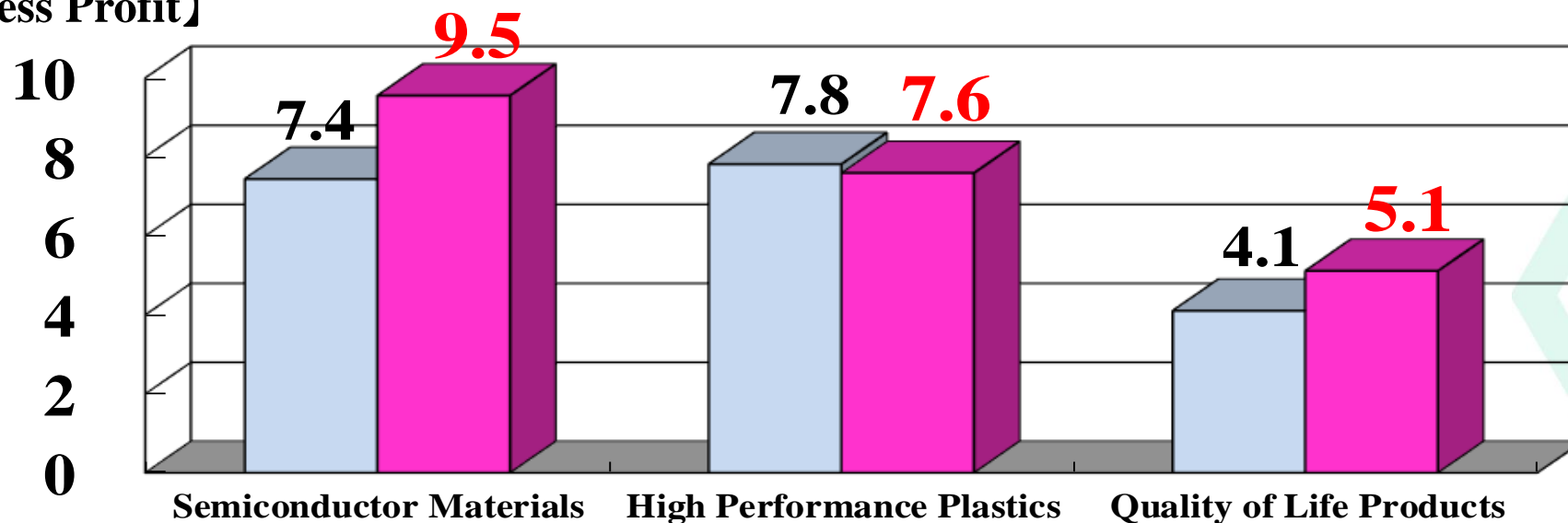


Revenue and Business Profit by Business Segment [IFRS]

【Revenue】



【Business Profit】



Progress of Mid-term Business Plan (FY2016-FY2018)

Shift from product-out to “needs-pull” & “seeds push”

“One Sumibe” ”CS First”

Deeper and more substantial relations with priority customers (B to B)
More cooperation & collaboration in-house and with outside partners

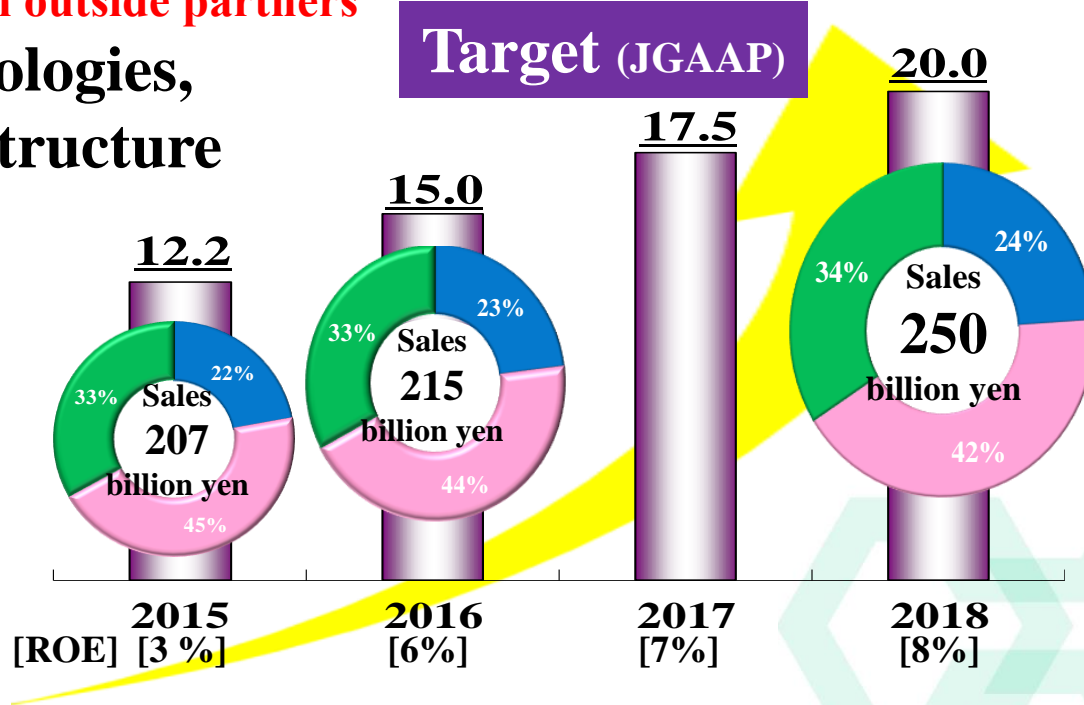
Basic Policy

Leverage fundamental plastics technologies, to build more value-added business structure

Basic strategy

- New business start-ups, creation
- Increase profitability and scale of growing areas
- New growth in existing businesses and change of business model

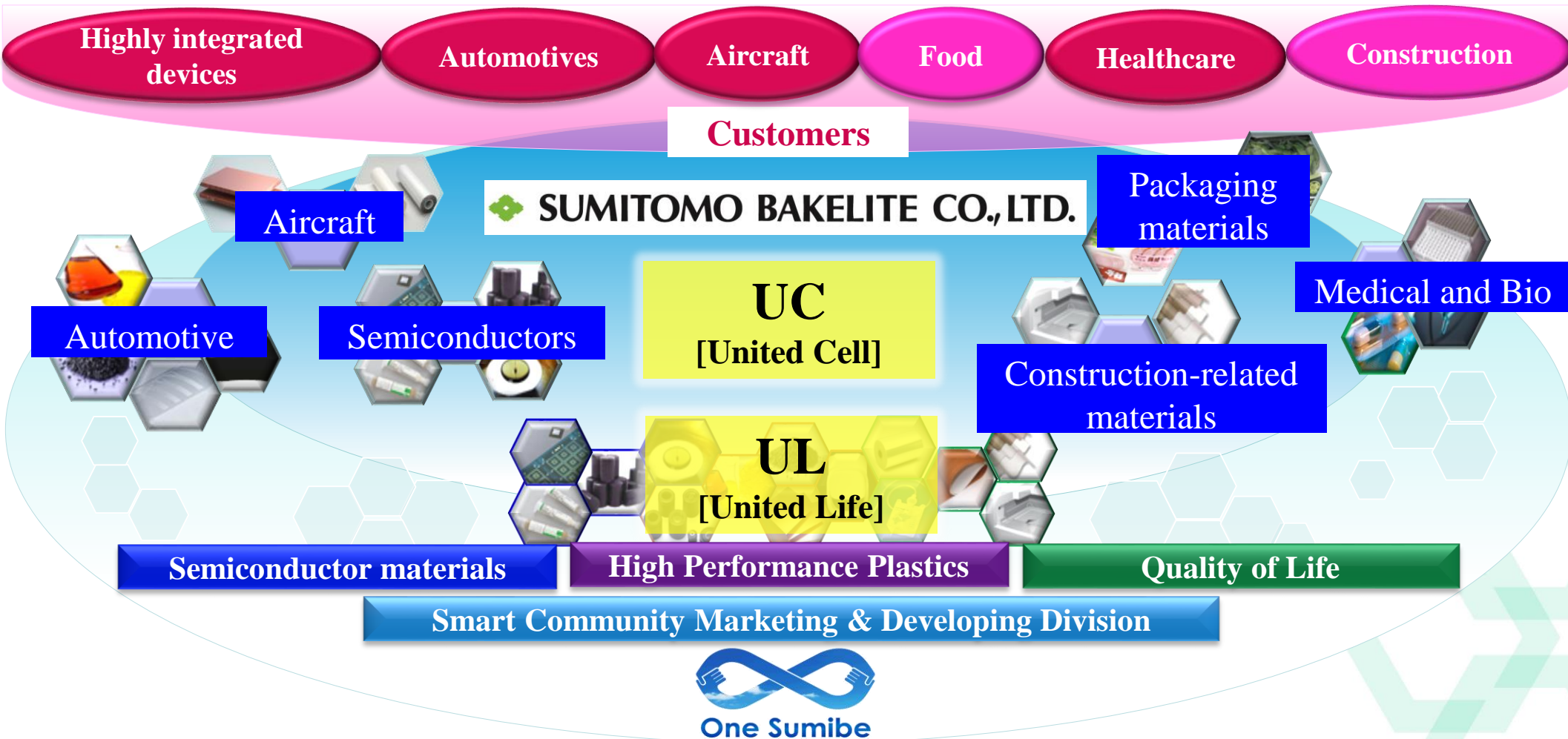
Target (JGAAP)



Target of Mid-term Business Plan in FY2018 (JGAAP) : O.I.= 20 billion yen, ROE=8%

Overview of “One Sumibe” Activities

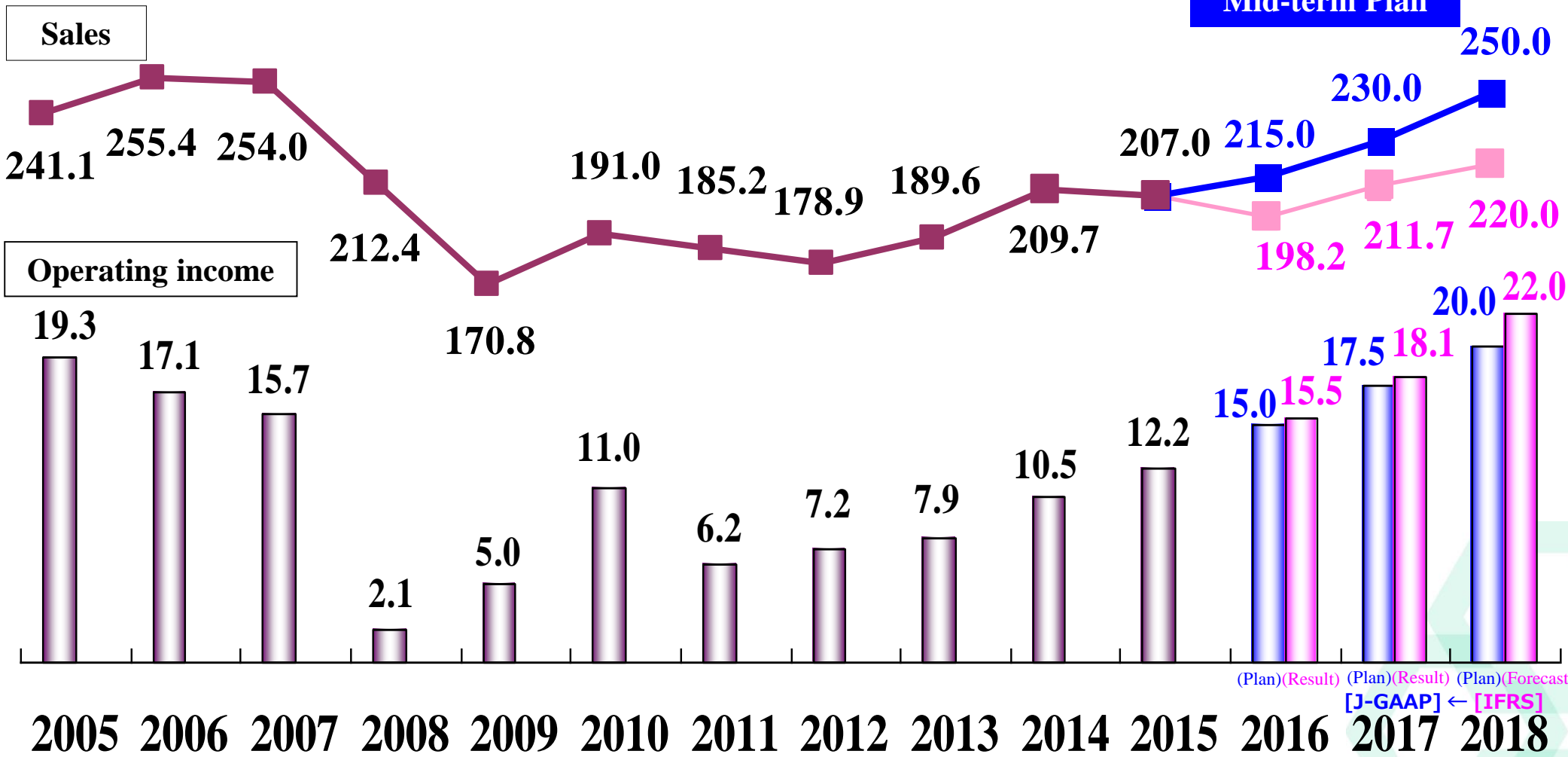
Expand sales of existing products and generate new development themes based on company-wide product sales expansion



Expand sales of cross-company products to customers

Progress of Mid-term Business Plan (FY2016-2018)

[Billion yen]



*Exclusive of actuarial differences of retirement benefit accounting and effects of the change in fiscal year ends of subsidiaries
 *FY2008-2017 is the figures of J-GAAP

	FY2017 (Result)	FY2018 (Forecast)
OIR*	8.6%	10%
ROE	9.3%	9.3%

*Operating Income Rate

Financial Outlook for FY2018 [IFRS]

[Unit : Billion yen]

	FY2016	FY2017	Variance	
	(1)	(2)	(2)-(1)	Raito(%)
Revenue	211.8	220.0	8.2	3.9%
Business Profit	19.3	22.0	2.7	14.3%
Profit attributable to owners of parent	15.1	16.0	0.9	6.1%

FOREX

JPY / USD	110.81	105.00	*****	*****
JPY / EUR	129.45	130.00	*****	*****

*"Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue"

Priority Measures for Achieving Mid-term Target

1. Semiconductor Materials

▼ Increase market share by integrating manufacturing, sales and R&D forces globally (Target share for SUMIKON EME : over 40%)

“Volume” : (1) Reinforce market strength through reorganization of global sales and marketing systems

(2) Establish and strengthen sales network in China, main target area

“Quality” : (1) Enhance quality control for automotive applications and toward zero defects

(2) Strengthen relationships with customers to promote cooperation

▼ Promote sales in high value-added market area

(1) Boost facilities for Mold underfill (MUF)/ Granule type for compression molding

(2) Strengthen production capacity and adapt Business Continuity Plan for CRC in Utsunomiya Plant

(3) Thoroughly implement One Stop PKG Solution strategy

[Example of achievements] Prevented warping of ultra thin packaging for semiconductors

⇒ Proposals of thin packaging materials with encapsulation materials and LaZ



▼ Create Business in Growth Areas

(increasing themes of automotive applications)

● Established Open Labs globally (Japan, China, ASEAN, Europe and North America)

● Fully utilize each Open Lab and cooperate with customers in order to accelerate commercialization

EV

Automatic Driving

ECU



(for automobiles)

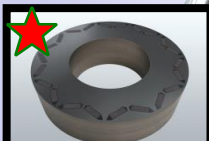


(for motorcycles)

One-step encapsulation materials for ECUs

- Epoxy molding compounds
- Circuit materials for car electrical equipment

Motor



Fixing HV/EV motor magnets

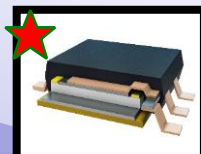
- Epoxy molding compounds

Power control unite



Reactor

- Molding compounds (Phenol / Epoxy)



Power module

- Epoxy molding compounds
- High thermal conductive die attach paste
- High thermal conductive materials

HUD

(Head Up Display)



Optical sheet for HUD

- Optical control polycarbonate
- Polarizing polycarbonate sheet

Sensing



In-vehicle sensors

- Epoxy molding compounds



Camera modules

- Epoxy molding compounds



Wavelength selective barrier sheet

Connected



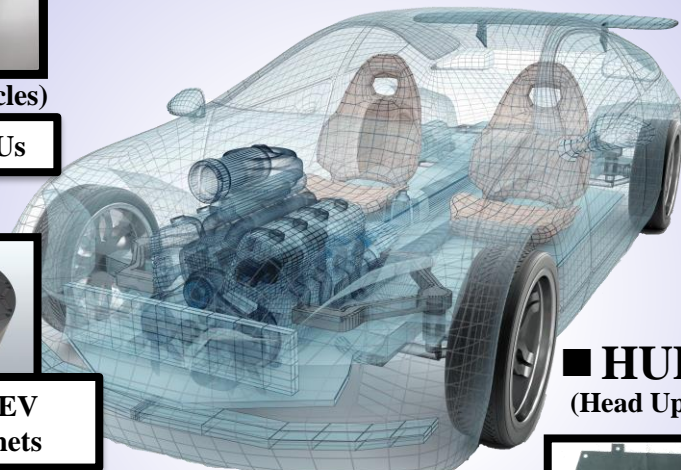
3D IC encapsulation materials

- Molding compounds (Phenol / Epoxy)



Light harness

- Optical waveguide



Insulation materials for bus bar

- Epoxy coating powder
- Molding compounds



Motor/PCU casing

- Metal-thermoset composites integration technology
- SHOZO technology

★ : Launched

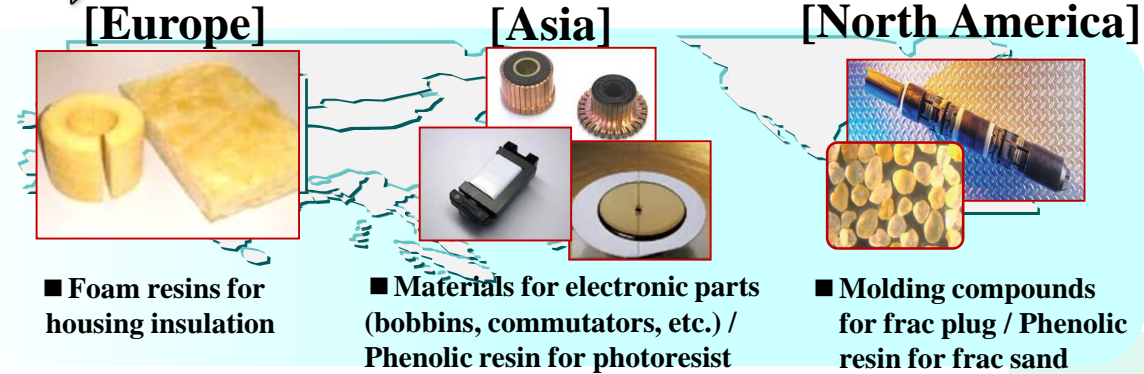
2. High Performance Plastics

▼ Strengthen competitive products and increase market share

Global Strategy: increase product competitiveness for 3 global strategic products (production capacity, etc.)



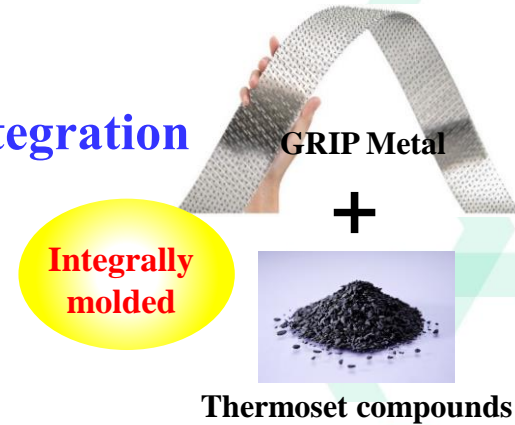
Promote sales of local competitive products and multiply to other regions



• Foam resins for housing insulation : production expansion to a plant in Malaysia

▼ Explore markets known as “Impossible for polymer” with metal integration

- (1) Joint development with GRIP Metal in Canada (January 2018)
GRIP Metal technology (metal surface treatment) that integrates metal and thermoset polymer material rigidly is aimed to create new applications
- (2) Continued emphasis on promoting cooperation with outside companies beginning with Fraunhofer (OEM Tier-1 manufacturers, etc.)



▼ Expand aero business and strengthen business structure



● Strengthen Vaupell's business platform

- Expand customer base for existing products
- Enhance business efficiency through structural improvement

● Aggressive expansion to aftermarket (MRO)

*MRO : **M**aintenance / **R**epair / **O**verhaul

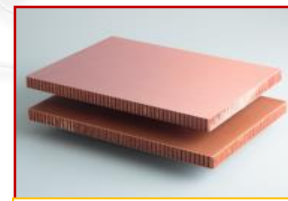


● Develop functional materials, strengthen marketing

Japan (Aero Materials Dept.) as HQ develops new product business areas by using North American and Asian plants

- Low-smoke-producing PVC parts
⇒ Used for business-class seat

- Honeycomb panels for interiors
⇒ Sample evaluation in progress



Honeycomb panels

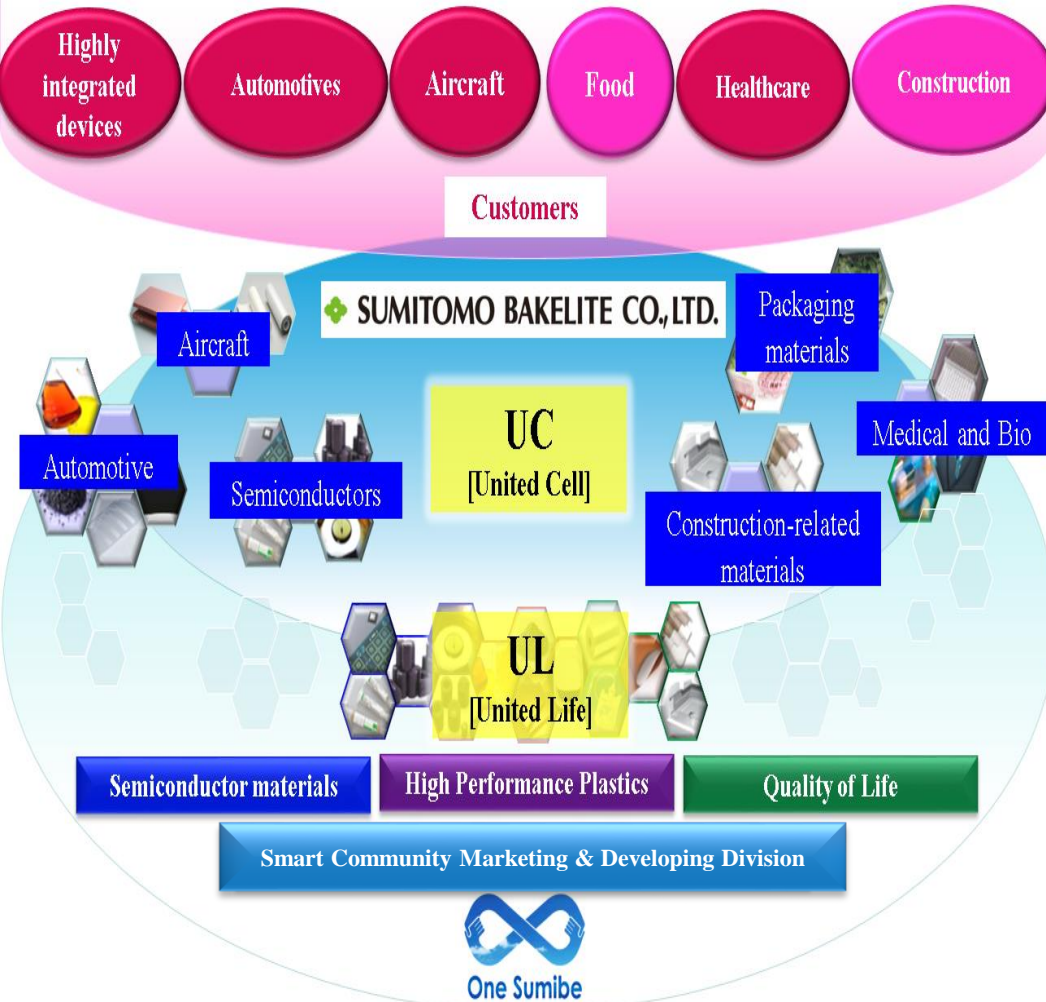


Lavatories

3. Quality of Life (QOL) – (1)

Implemented organizational integration within segment (United Cell) (April 1, 2018)

Establish a system for searching and developing markets and customers in broad areas to provide customers with value and efficacy of combination of various products.



Integration of organization (United Cell)

Films & sheets



Films & sheets Division

P-Plus

Medical devices



Healthcare Products Division

S-Bio

Industrial functional materials



Industrial Functional Materials Sales Division

Decola Innovair

3. Quality of Life (QOL) – (2)

■ Healthcare (Medical Devices and Bio)

▼ Aggressive development in growth area (minimally invasive treatments)

[Endovascular treatments]

● Steerable microcatheters

Increase product lineup of micro catheters

Because a guidewire is not necessary, there is a decrease in physicians' handling skills



[Endoscopic therapy]

● Biliary stents

Capital alliance with S&G (Korea), joint development started



Intrabiliary image after insertion of stent



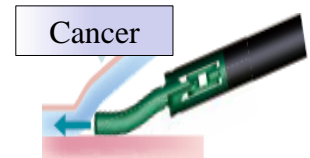
Open bile ducts clogged by cancer cells, etc.

● Endoscopy

Increase product lineup, overseas expansion



■ SB Knife®



By passing an electric current inside scissors, it is possible to handle incisions, separation, and hemostasis using one instrument.

▼ Strengthen base business

Improve existing products, strengthen product lineup (drainage, etc.)



▼ Promote sales and development of bio-related business

(drug discovery, regenerative medicine, high-precision diagnostics)

(1) Cooperation with Vaupell and/or outside partners

(Manufacturers of bio-related equipment, diagnostic medicine, etc.)

(2) Explore M&A in advanced medical fields



3. Quality of Life (QOL) – (3)

■ Films & sheets

▼ Expand business into high performance applications and increase profitability overseas

- (1) **Medical packaging: Increase market share for pharmaceutical packaging materials and expand sales of medical packaging materials**
- (2) **Food packaging: freshness keeping film P-Plus[®]**
 ⇒ Accelerate export of Japanese fruits and vegetables
 using new functional products including dew condensation prevention



■ Pharmaceutical packaging



■ Infusion packaging



■ Example of use P-Plus at overseas store

■ Industrial Functional Materials

▼ Change to B to B, penetrate into high performance application field

Industrial Functional Materials :

Actively develop businesses, from building materials to optics, industrial and automobile materials (HUD, eyewear, automobile windshields, aircraft, windows and seats materials, etc.)



Measures for Research and Development

[R&D] Growth Strategy in 4 Creation Areas

Environmental load-reducing

High-speed transmission and processing

Improve QOL

Fuel-efficient

Automotives

Highly integrated devices

Healthcare

Aircraft

Molding compound For Connected

Minimally invasive medical device

Food packaging

High-Strength and Lightweight

Construction

3D IC encapsulation

Molding compound For ECU

Stent for digestive system

Designed Flame retardant building materials



Honeycomb



Interior



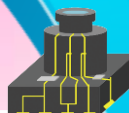
Electromagnetic shield



Engine Housing



Metal-Thermoset Composite



Materials for CMOS

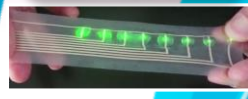


Electromagnetic shield



Sensor

silicone



Stretchable circuit

drug development



Purification kit of sugar chain



Micro catheters

Cell culture bag



Flame retardant windbreak wall

Gloss Flame retardant



High loading metal filer



Motor product



Reactor



Metal Less



Light harness



HUD

Compound functionality film



liquid-repellent film

Green Chemical



Biomass-derived

thermoset compounds



shale gas

Optical function

Core Tech.

High heat dissipation

inspissation

high tearing

Dispersion

Antistatic

Reaction control

Thin/Lightweight

Crash-proof

Sliding

Functional modification

Separation/Refine

Inorganic/Organic complex

High heat resistance

Catalyst design

Composition

Resin design

Monomer/Polymer synthesis

Bio conversion

Flame retardant

Insulate

Process design

Mixing/Dispersion

Base tech.

structure analysis

Ripened/Fermentation

Surface processing

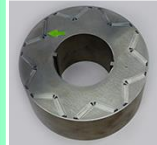
Bio conversion

"manufacture" to lead SDGs

7 AFFORDABLE AND CLEAN ENERGY



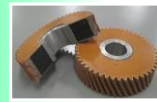
Materials for Engine Housing



Materials for Motor product



Honeycomb Materials



Metal-Thermoset Composite Integration Materials

2 ZERO HUNGER



Freshness keeping film

3 GOOD HEALTH AND WELL-BEING



Steerable microcatheters



Gastrointestinal stents

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

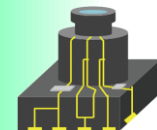


Green Chemical

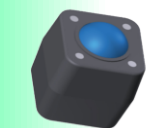
11 SUSTAINABLE CITIES AND COMMUNITIES



Flame retardant windbreak wall

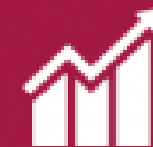


Materials for CMOS



Encapsulation materials for sensor module

8 DECENT WORK AND ECONOMIC GROWTH



Other issues

Connected / Optical function / Lightweight



Safe, secure and environmentally friendly
 Materials contribute to the realization of ADAS and automated driving.
 Reduced weight contributes to the reduction of environmental burdens.

Materials for Motor product

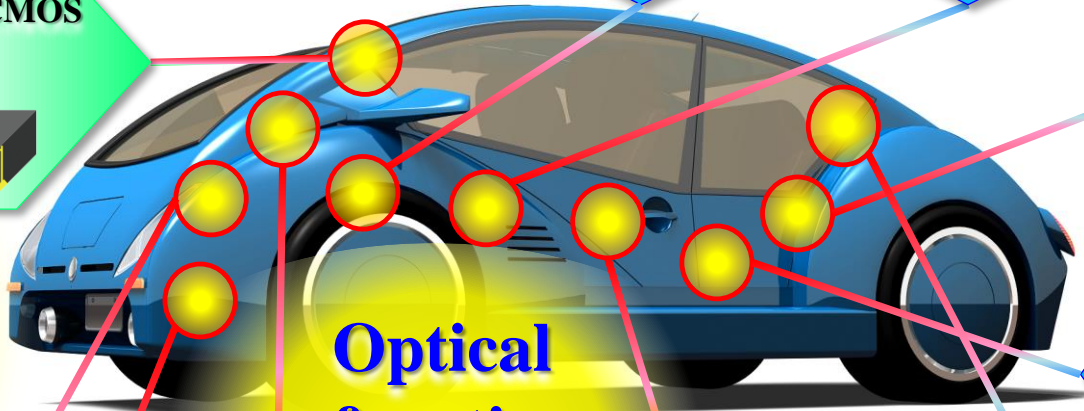
Materials for Engine Housing

Lightweight / High strength

3D-Molded interconnect device

Materials for CMOS

Automotive antenna



Metal-Less

Connected / Sensor

Metal-Thermoset Composite Integration Materials

Molding compound For power module

Wavelength selective materials

absence presence

Improves visibility

Optical harness

High speed transmission of control information

HUD

Displays a variety of information

Molding compound For ECU

Honeycomb panels

Product for minimally invasive treatment

Minimally Invasive for patients
Decreases the degree of discomfort, makes incisions smaller, reduces length of stay, create less side effects

World's smallest dia., 1.3Fr !

Microcatheters for neurovascular therapy

Steerable microcatheters



Selective insertion to arteries at deep area

Endovascular treatments

Endoscopy

Gastrointestinal stents
Insert in obstructed section of biliopancreatic duct



Endoscopic clip



EBL for colon diverticulum



SB Knife / SB knife Jr
Submucosal dissection of tumors in the early stages

