

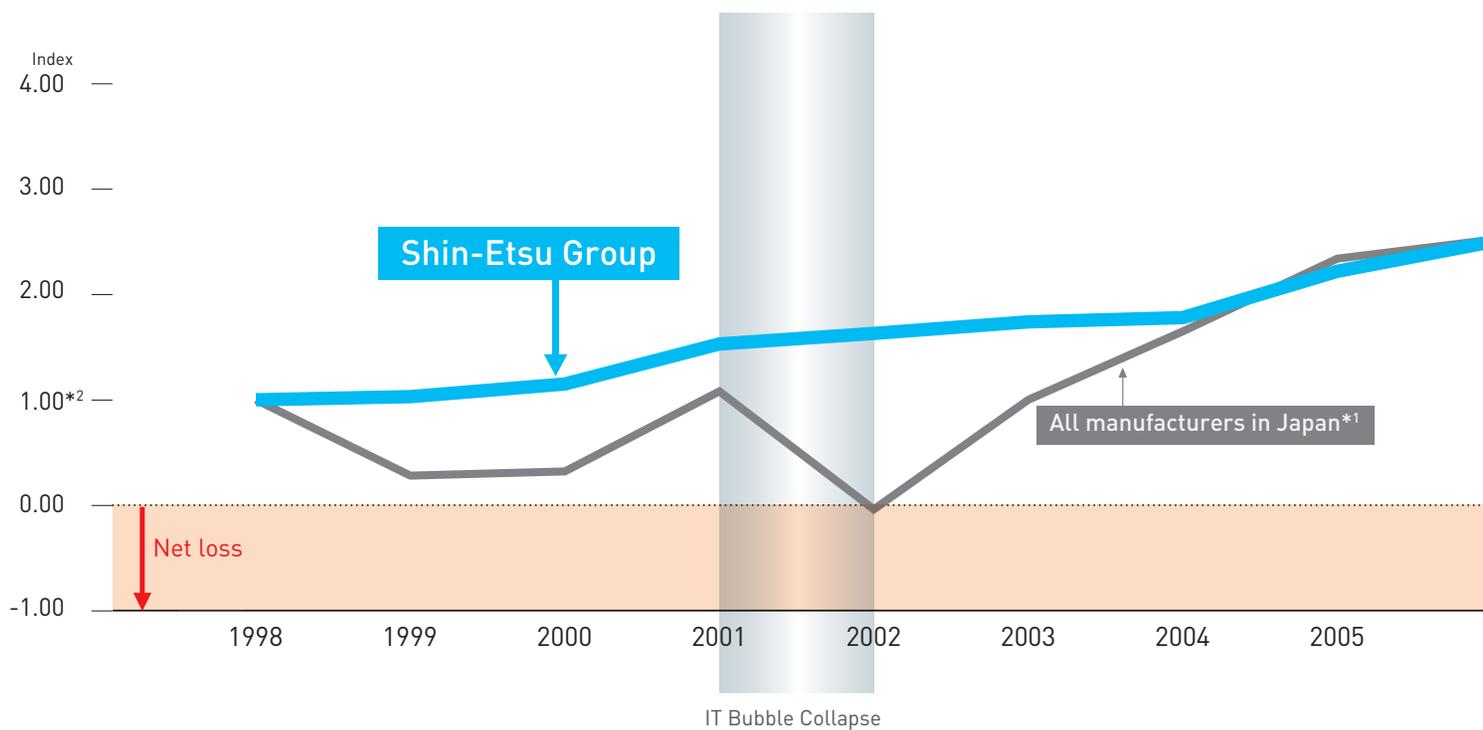
# Showing an Energetic Performance



The Shin-Etsu Group is a global manufacturer with production and sales bases around the world for our wide variety of products. We started operations overseas more than half a century ago, and in fiscal 2013, overseas sales accounted for about 67% of our consolidated sales. Although our main products are PVC and semiconductor silicon, which are affected by market fluctuations, we have achieved 13 consecutive years of record earnings through

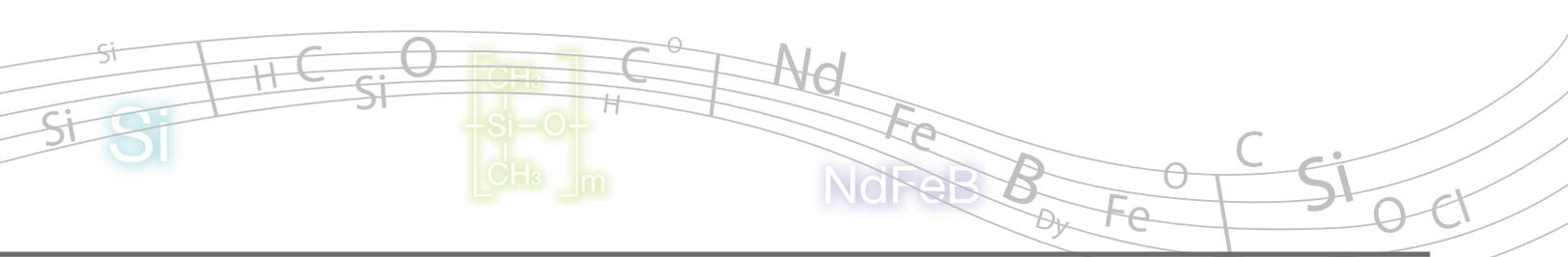
fiscal 2008. We maintained high earnings in the extremely difficult operating environment caused by the 2008 global financial crisis and 2011 Great East Japan Earthquake. In fiscal 2013, we recorded another profit increase. One of the keys to our performance is making capital investments at the right time. We have the financial strength to use our own funds for large investments, and we carefully target growing business fields and regions.

Comparison of Net Income of the Shin-Etsu Group and All Manufacturers in Japan



\*1 Figures are calculated using average net income for all manufacturers that are listed on the Tokyo Stock Exchange.  
 \*2 The index is calculated by dividing net income in each fiscal year by the net income in the fiscal year ended March 31, 1998. Consequently, years when earnings were higher have an index of more than one and the index is negative for years when there was profit decline or net loss.

Internet-related stocks reached high levels in the late 1990s, mainly in the United States. This bubble collapsed in 2001, causing a downturn in the performance of many IT companies.



## Operating performance

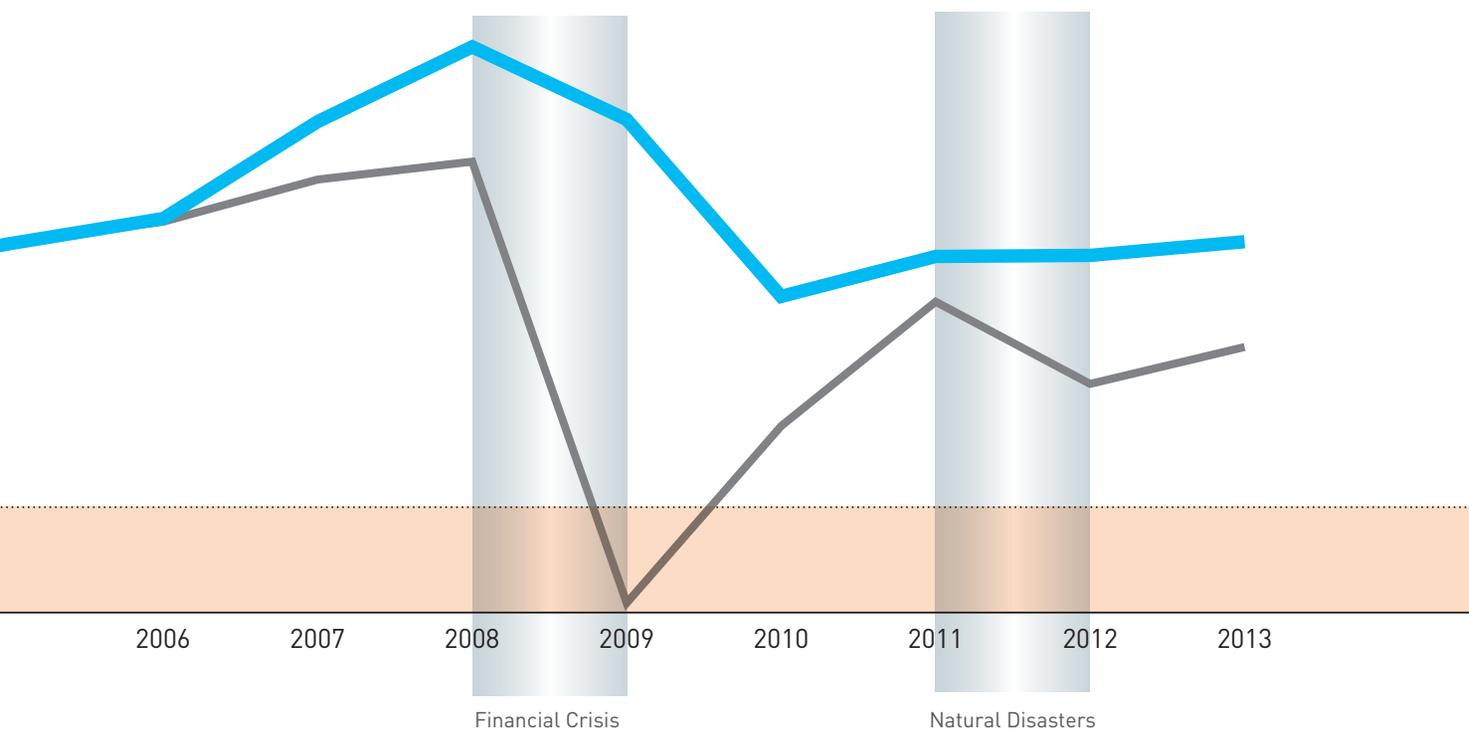
(Fiscal 2013)

|                                                                               |                                                                                 |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| <b>Net Sales</b><br><b>1,025,409</b><br><small>million yen, down 2.1%</small> | <b>Ordinary Income</b><br><b>170,207</b><br><small>million yen, up 3.0%</small> |
| <b>Overseas Sales Ratio</b><br><b>67%</b>                                     | <b>Net Income</b><br><b>105,714</b><br><small>million yen, up 5.0%</small>      |

## Financial performance

(Fiscal 2013)

|                                                                            |                                                   |
|----------------------------------------------------------------------------|---------------------------------------------------|
| <b>Net Assets</b><br><b>1,623,176</b><br><small>million yen</small>        | <b>Stockholders' Equity Ratio</b><br><b>82.0%</b> |
| <b>Capital Expenditures</b><br><b>86,841</b><br><small>million yen</small> | <b>Moody's Credit Rating</b><br><b>Aa3</b>        |



Financial Crisis

A U.S. investment bank collapsed in September 2008, triggering a worldwide financial crisis that made an impact on a broad range of industries.

Natural Disasters

A devastating earthquake and tsunami hit Japan in March 2011. It had a massive impact on the Japanese economy. Factories were damaged, and manufacturing was suspended because of supply chain disruptions and rolling blackouts. Along with the yen's record strength and flooding in Thailand, the operating environment was challenging.