

Financial Summary

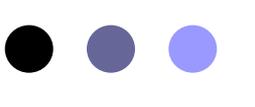
For the six months ended September 30, 2018

(October 26, 2018)

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)

	2017 April - September	2018 April - September	Increase (Decrease)
Net Sales	694.9	791.7	13.9% 96.8
Operating Income	156.3	209.2	33.9% 52.9
Ordinary Income	160.2	217.1	35.5% 56.9
Net income attributable to owners of parent	110.7	158.8	43.4% 48.1
ROIC (per annum)	17.3%	22.5%	5.2 points
ROE (per annum)	10.2%	13.2%	3.0 points
ROA (per annum)	11.9%	14.7%	2.8 points
Per Share (Yen)			
Net Income	260	372	112
Cash Dividends	65	100	35

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 doubling first-half net operating income after tax, net income and ordinary income, respectively.

(Billions of Yen)

	September 30 2017	September 30 2018	Increase (Decrease)	March 31 2018	Increase (Decrease)
Net Assets	2,262.1	2,517.0	254.9	2,413.0	104.0 Billion yen
Total Assets	2,728.1	2,997.3	269.2	2,903.1	94.2 Billion yen
Net Assets per Share (Yen)	5,167	5,748	581	5,512	236 Yen



Financial Highlights (Consolidated)

(Billions of Yen)

	2017 April - September	2018 April - September
Capital Expenditures	74.5	97.7
Depreciation and Amortization	50.7	61.8
R&D Costs	23.7	26.7
Interest-bearing Liabilities	15.9	14.7
Number of Employees	19,549	21,096
Exchange Rate: Jan - Jun (Avg)	112.4	108.7
(Yen/US\$) Apr - Sep (Avg)	111.1	110.3

- Notes
- An average exchange rate between January and June was used for the Consolidated Income Statements of overseas subsidiaries.
 - For further exchange rate data, please see Appendix on page 24.



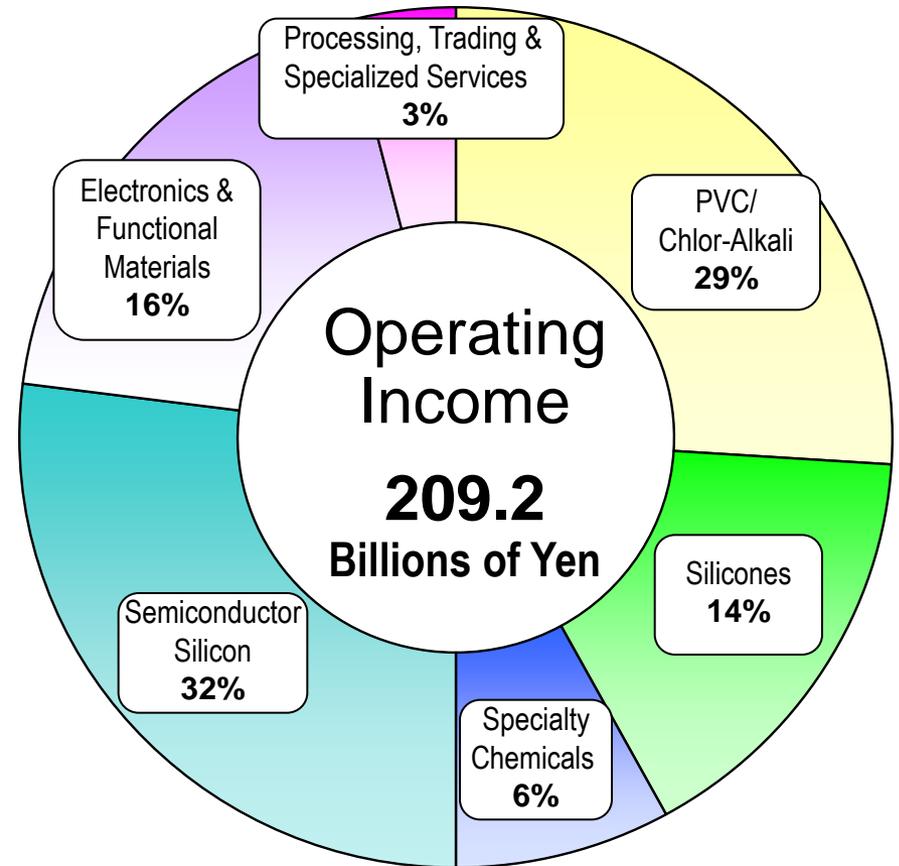
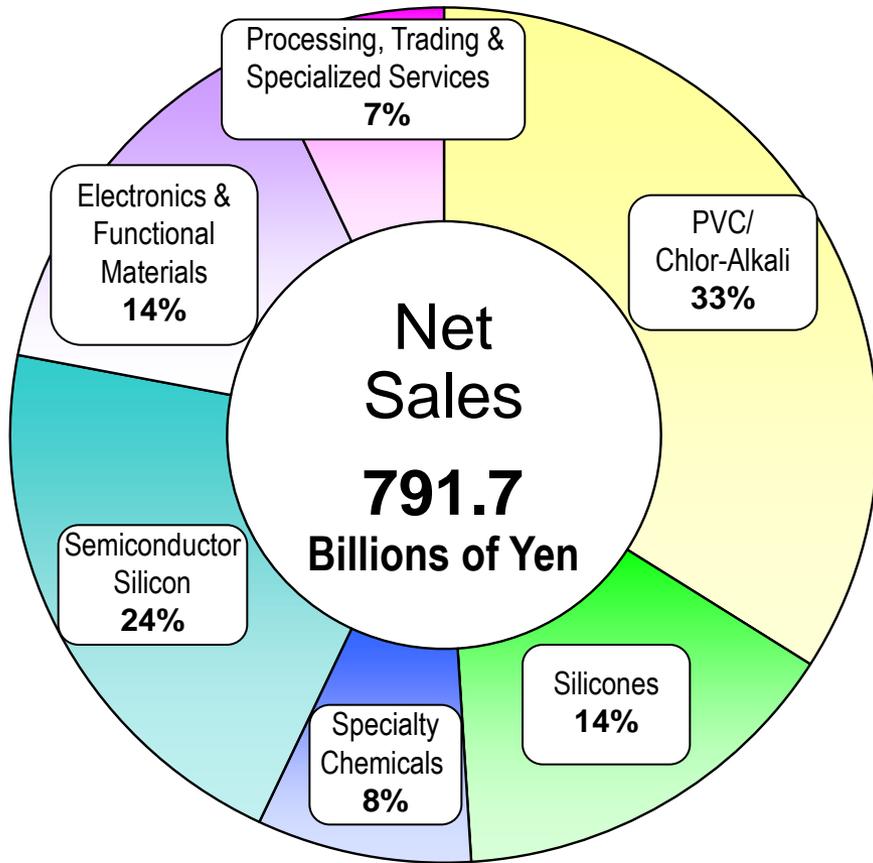
Segment Information (Consolidated)

(Billions of Yen)

	Net Sales			Operating Income		
	2017 Apr - Sep	2018 Apr - Sep	Increase (Decrease)	2017 Apr - Sep	2018 Apr - Sep	Increase (Decrease)
PVC/Chlor-Alkali Business	239.3	261.9	9.4% 22.6	40.4	59.6	47.5% 19.2
Silicones Business	100.8	113.8	12.9% 13.0	24.8	29.0	16.7% 4.2
Specialty Chemicals Business	56.9	59.7	4.9% 2.8	13.0	13.4	3.1% 0.4
Semiconductor Silicon Business	146.8	187.4	27.6% 40.6	41.7	66.6	59.6% 24.9
Electronics & Functional Materials Business	101.6	114.9	13.1% 13.3	30.4	34.1	11.9% 3.7
Processing, Trading & Specialized Services Business	49.2	53.7	9.1% 4.5	5.8	6.4	10.9% 0.6
Total	694.9	791.7	13.9% 96.8	156.3	209.2	33.9% 52.9

● ● ● | Net Sales and Operating Income by Segment (Proportion)

2018
April - September



Capital Expenditures and Depreciation and Amortization by Segment

(Billions of Yen)

	2017 April - September	2018 April - September
Capital Expenditures	74.5	97.7
PVC/Chlor- Alkali Business	32.1	29.0
Silicones Business	14.4	11.4
Specialty Chemicals Business	3.1	7.4
Semiconductor Silicon Business	13.9	32.6
Electronics & Functional Materials Business	8.5	12.0
Processing, Trading & Specialized Services Business	2.5	5.1
Depreciation and Amortization	50.7	61.8
PVC/Chlor- Alkali Business	16.0	15.9
Silicones Business	5.6	6.3
Specialty Chemicals Business	4.7	5.1
Semiconductor Silicon Business	13.0	23.1
Electronics & Functional Materials Business	9.4	9.2
Processing, Trading & Specialized Services Business	1.8	2.1

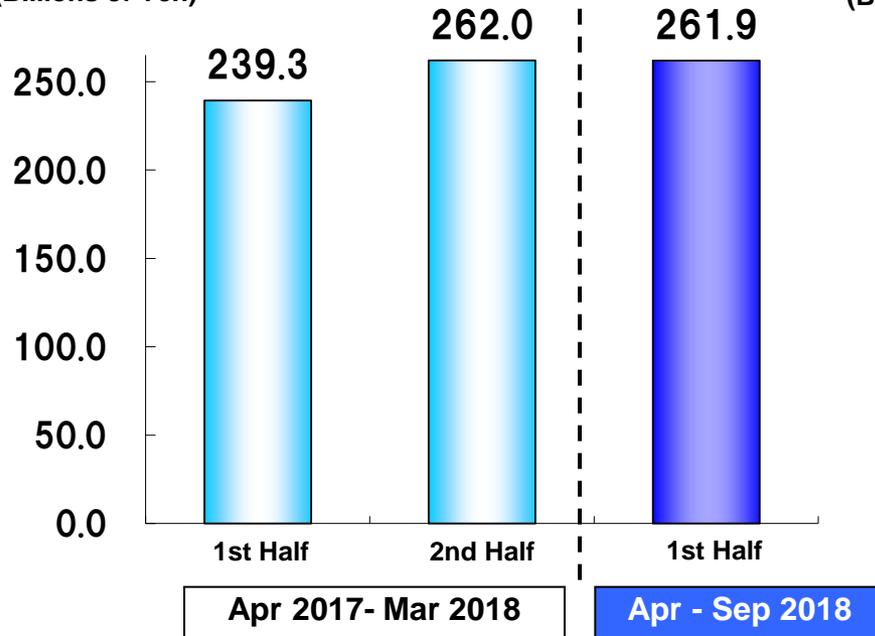


PVC/Chlor-Alkali Business Segment

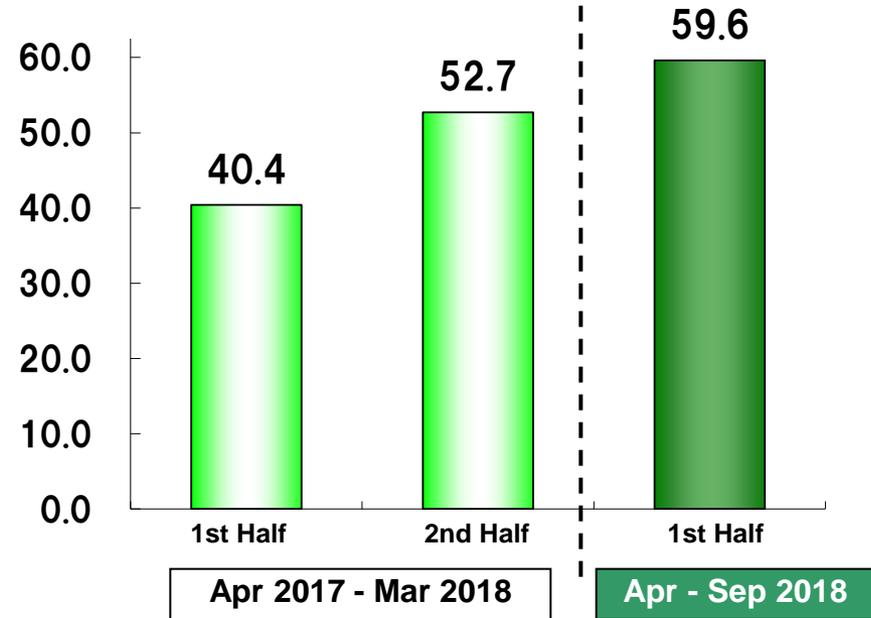
Net Sales

Operating Income

(Billions of Yen)

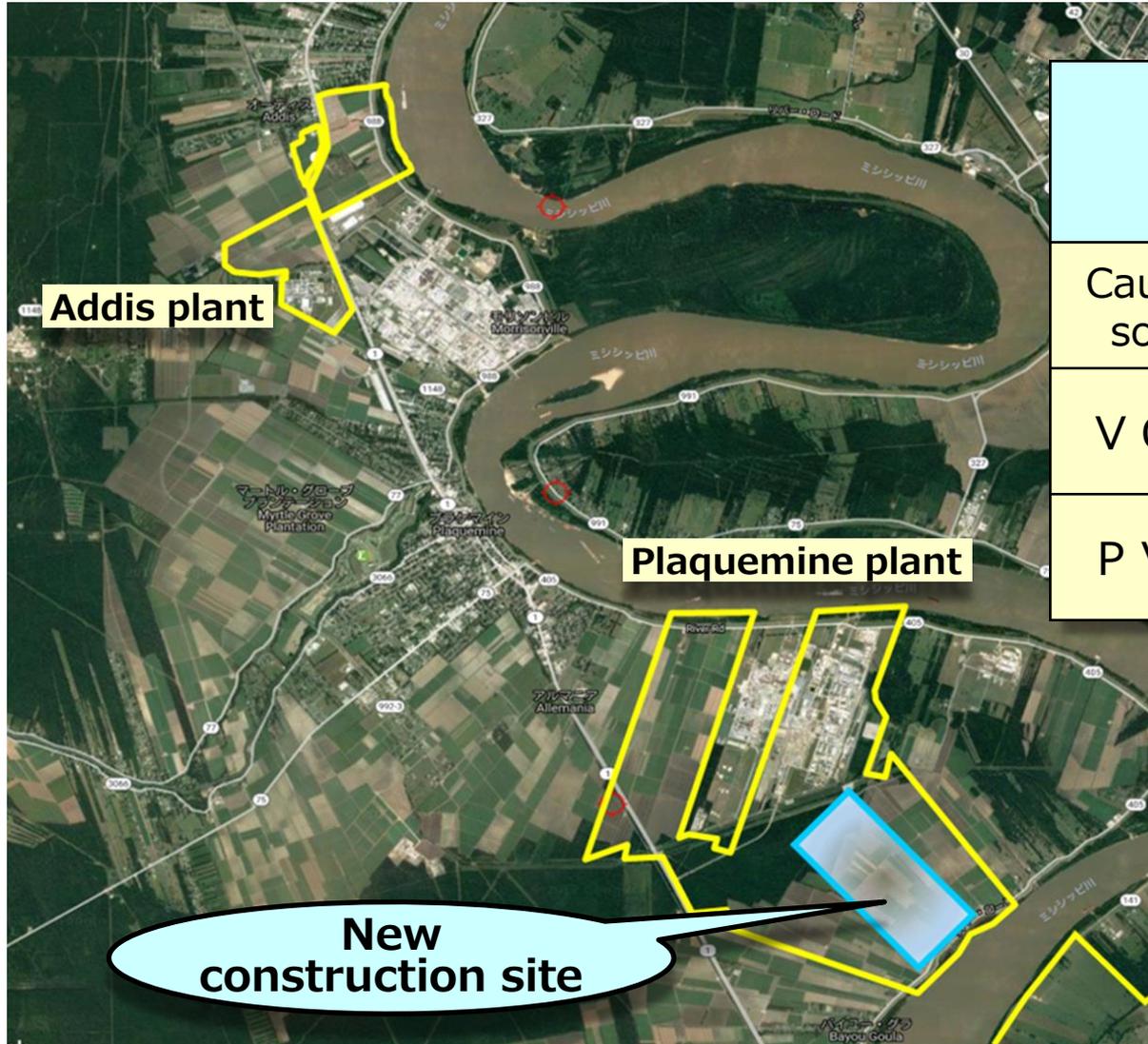


(Billions of Yen)



- With regard to the PVC/Chlor-Alkali business, at Shintech in the U.S. both PVC and caustic soda continued high levels of shipments, and also as a result of further improvements in the supply-demand relationship of both products, Shintech greatly increased its business results.
- Because market conditions in Europe continued to be steady, our European bases increased sales volume and did well.
- Shipments to overseas decreased at our bases in Japan due to the effects of the large-scale periodic maintenance held during the first quarter of this fiscal year.

Shintech's investment in new integrated PVC plant and its production capacity



(Thousand tons/year)

	Addition (Phase I)	Capacity after phase I
Caustic soda	2 7 0	1, 5 7 0
V C M	4 0 0	2, 4 0 0
P V C	2 9 0	3, 2 4 0

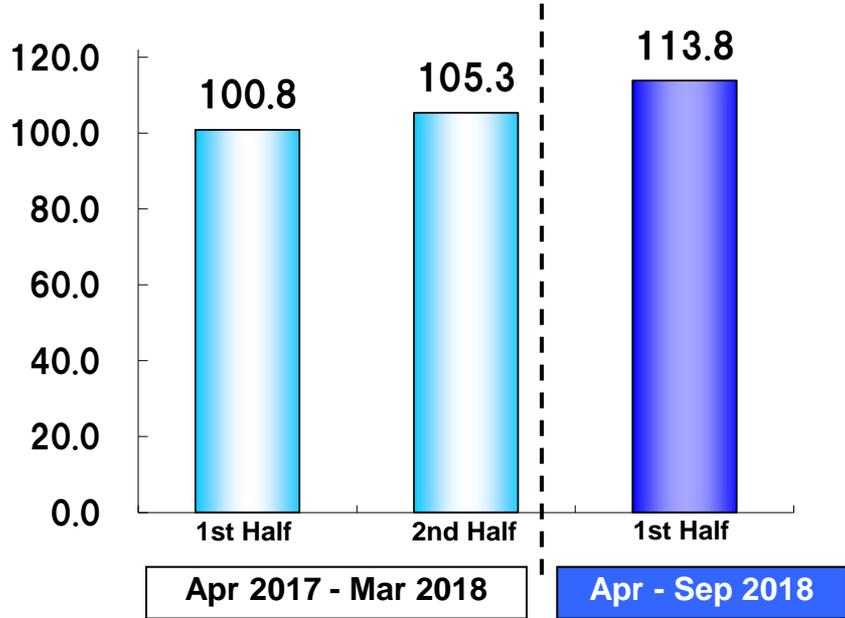
➤ Construction is underway for completion by the end of 2020.

● ● ● | Silicones Business Segment

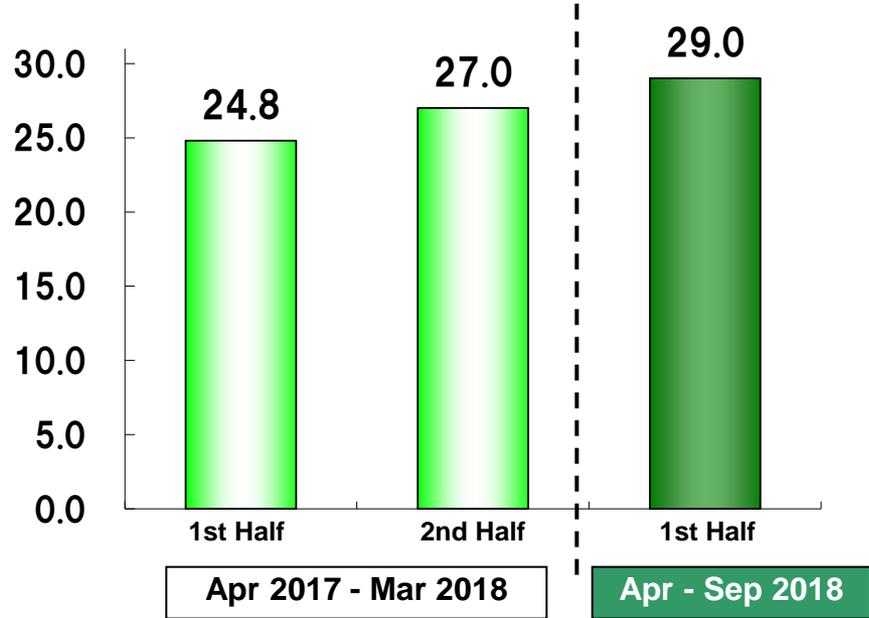
Net Sales

Operating Income

(Billions of Yen)



(Billions of Yen)



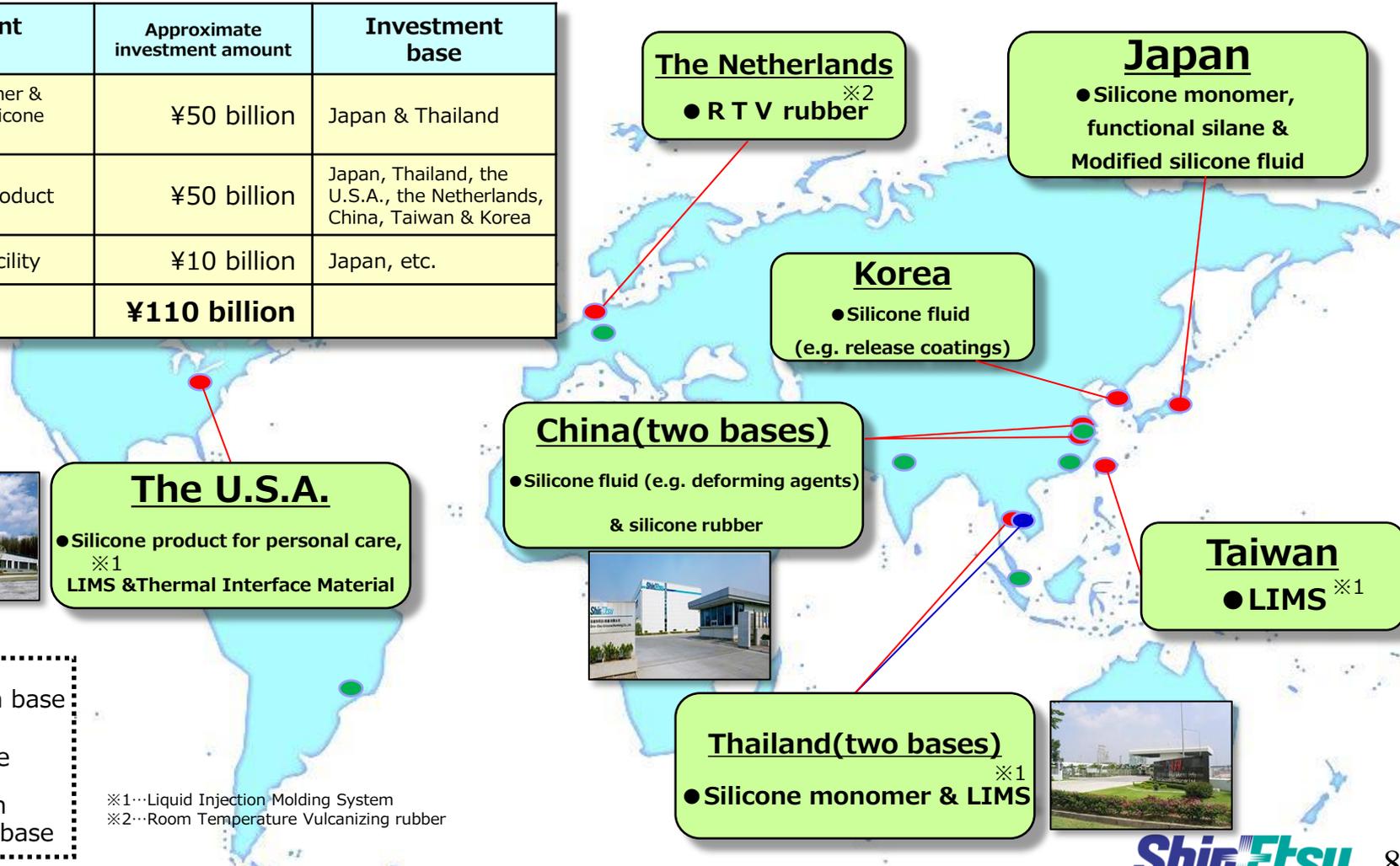
With regard to the silicones business, as a result of price adjustments made for both general-purpose and functional products, and, at the same time, meeting robust worldwide demand by carrying out maximum production and selling it out, the segment's business results increased.

Silicones Business Segment

Facility investment bases and major expansion items for this business

We have already started the production increase at major domestic and overseas bases, and it has been progressing as planned.

Investment item	Approximate investment amount	Investment base
Silicone monomer & intermediate silicone product	¥50 billion	Japan & Thailand
Silicone end product	¥50 billion	Japan, Thailand, the U.S.A., the Netherlands, China, Taiwan & Korea
Secondary facility	¥10 billion	Japan, etc.
Total	¥110 billion	



The U.S.A.
 ● Silicone product for personal care, LIMS & Thermal Interface Material
 ※1

The Netherlands
 ※2
 ● RTV rubber

Japan
 ● Silicone monomer, functional silane & Modified silicone fluid

Korea
 ● Silicone fluid (e.g. release coatings)

China(two bases)
 ● Silicone fluid (e.g. deforming agents) & silicone rubber



Taiwan
 ● LIMS ※1

Thailand(two bases)
 ※1
 ● Silicone monomer & LIMS



- Production base
- Sales base
- Production and sales base

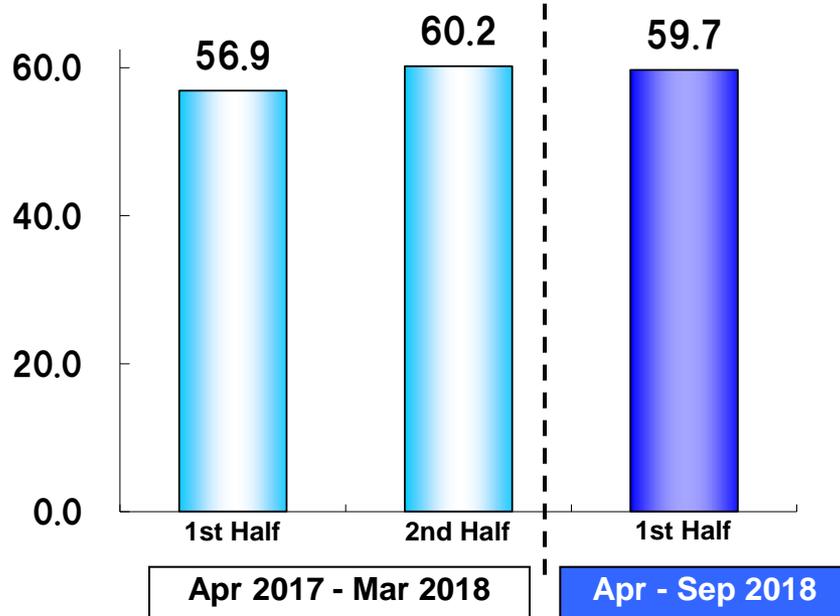
※1...Liquid Injection Molding System
 ※2...Room Temperature Vulcanizing rubber

Specialty Chemicals Business Segment

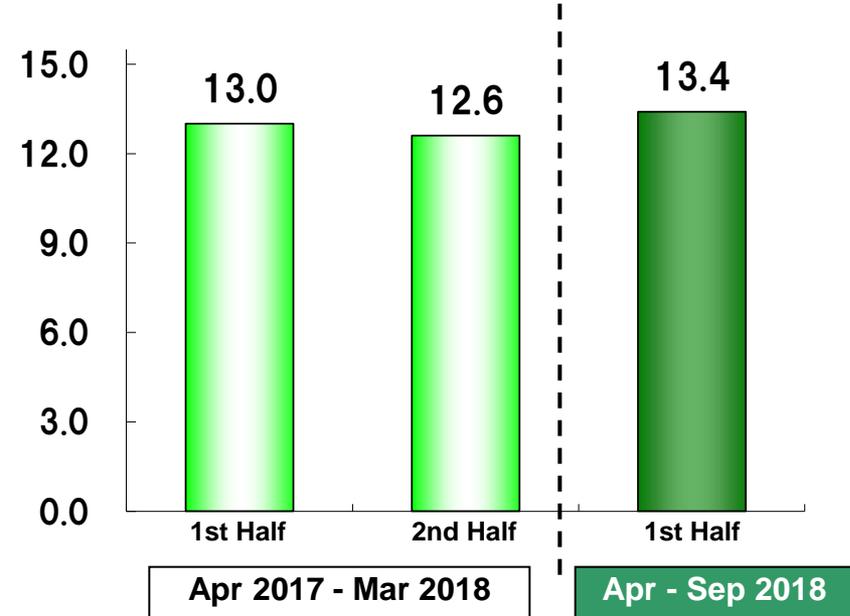
Net Sales

Operating Income

(Billions of Yen)



(Billions of Yen)



- With regard to cellulose derivatives, in addition to pharmaceutical-use products continuing to have good shipments, construction materials products and coating products continued to perform steadily.
- Pheromone products and POVAL products and others also on the whole had firm shipments.

Production capacity increase in Cellulose business

➤ **【Japan】**

Main product is methyl cellulose (“MC”).

Construction to increase production capacity is underway.

Construction cost is projected as 17 billion yen and it will become operational in the middle of 2019.

➤ **【Germany】**

Main products are MC and hydroxyethyl cellulose (“HEC”).

Construction to increase production capacity is underway.

Construction cost is projected as 3 billion yen and it will become operational in the middle of 2019.

➤ **【U.S.A. (State of Louisiana)】**

With the HEC plant having become operational in 2016, we have three production bases in Japan, Germany and the U.S.A. We achieved a stable supply for cellulose derivatives products to customers around the world.

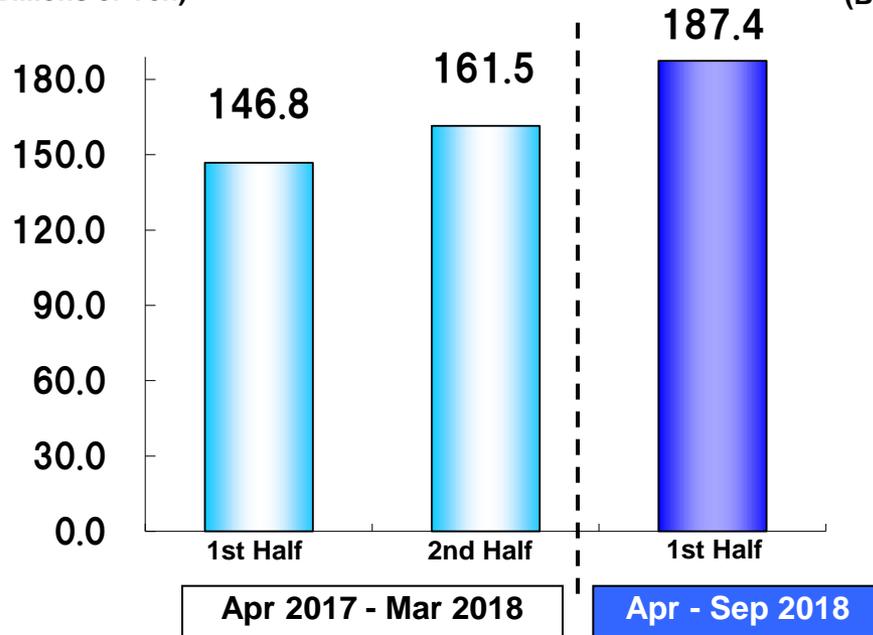
Cellulose derivatives are water-soluble polymer, which is made from pulp. Their uses are diverse and include construction, pharmaceutical, food, ceramics, toiletry and civil engineering.

Semiconductor Silicon Business Segment

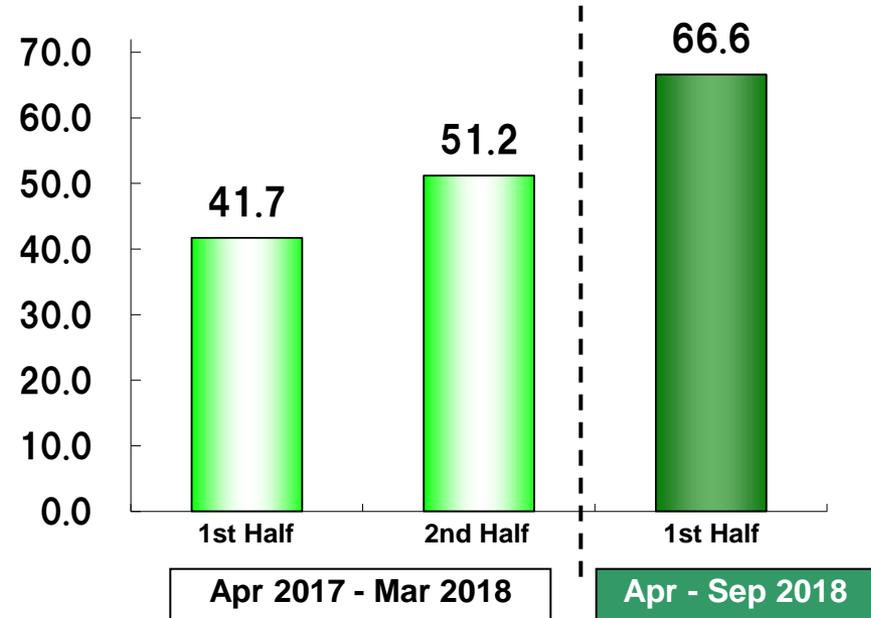
Net Sales

Operating Income

(Billions of Yen)

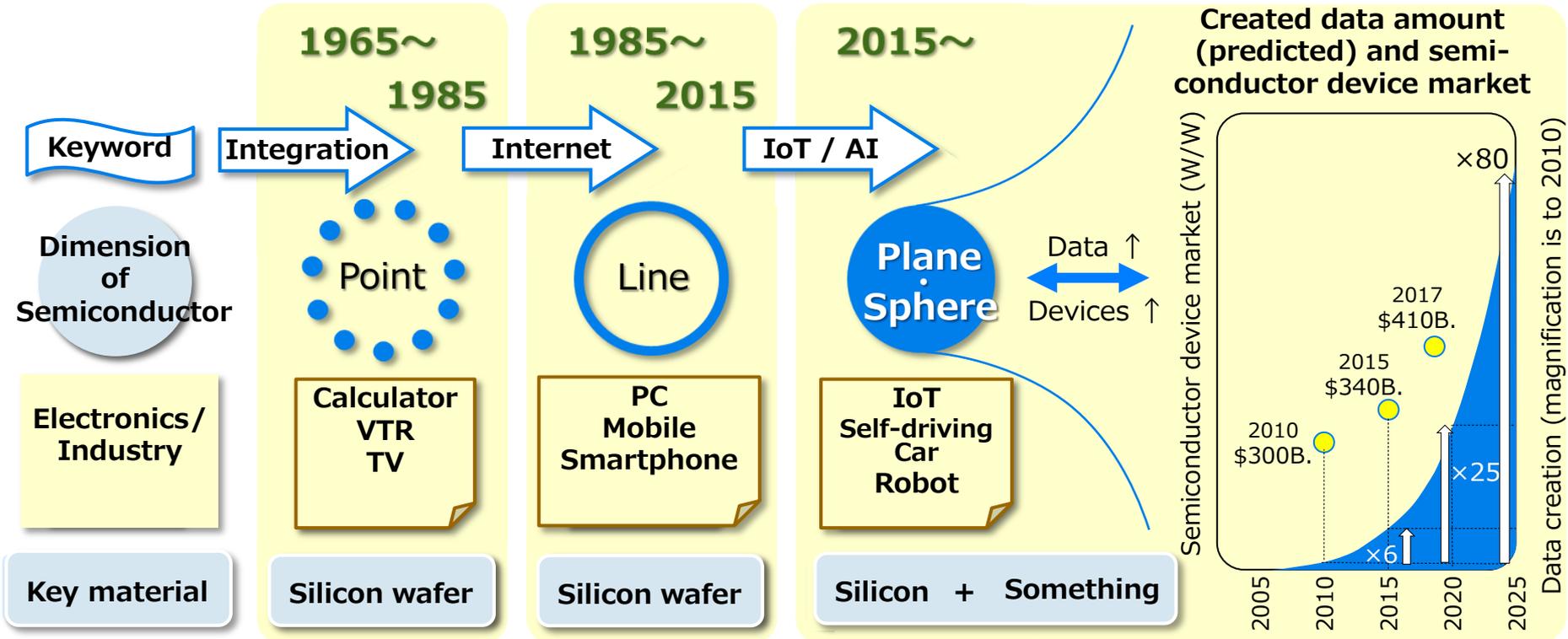


(Billions of Yen)



- With regard to the semiconductor silicon business, supported by steady semiconductor device demand, it continued a high level of shipments and also contributed by implementing a product price adjustment.
- As a result, this segment's business results increased greatly.

Shift of Electronics Industry : Semiconductor *Becomes Infrastructure*



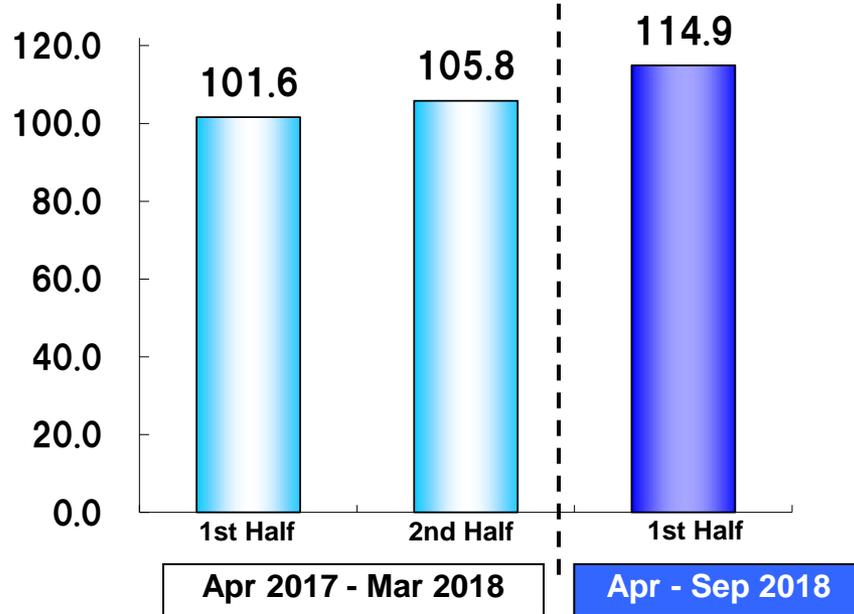
- Data amount created in 2025 is predicted to explode, increasing 80 times from 2010 level
- Ubiquity of semiconductor devices will further proceed in accordance with the prediction.
- Silicon wafer demand is anticipated to expand as a base material of such densely implemented infrastructure.

Electronics & Functional Materials Business Segment

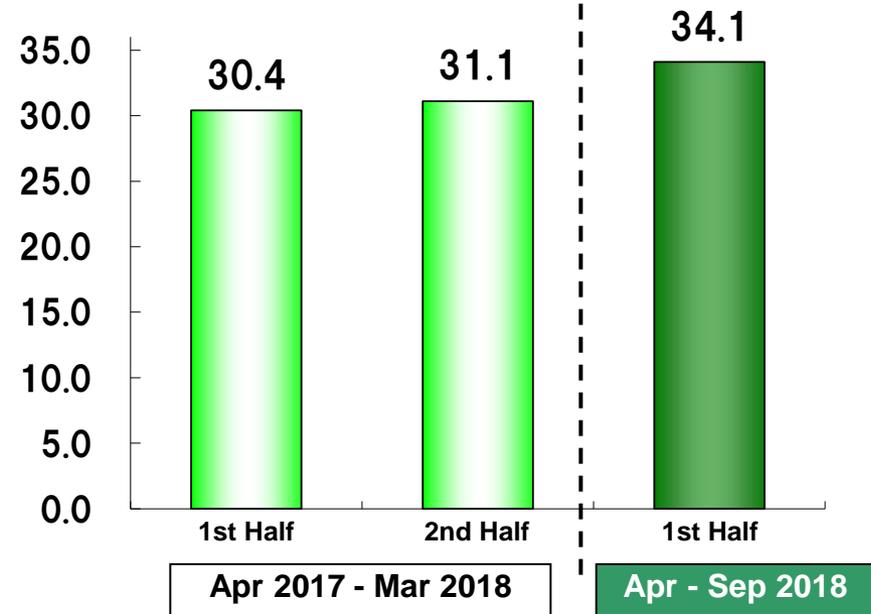
Net Sales

Operating Income

(Billions of Yen)



(Billions of Yen)



- With regard to the rare earth magnets business, mainly products for applications in automobiles including those for hybrid cars had good shipments.
- With regard to our photoresist products business, KrF resists, ArF resists and trilayer materials all continued to be firm.
- Photomask blanks increased sales in both our leading-edge products and our most advanced cutting-edge products.
- The business of optical fiber preform did well by taking advantage of the increase in global demand and also of the contribution made by the production of our joint-venture companies in China.

New Investment for Photo-mask Blanks Business

- 14 billion yen will be invested to Photo-mask blanks business.
- This investment will increase our production capacity by 30%. Construction is targeted for completion by the end of 2019 in Naoetsu facility and by April 2021 in Takefu.

Taiwan Facility of Photoresist Near Completion

- Shin-Etsu Electronics Materials Taiwan Co., Ltd., a Shin-Etsu subsidiary in Taiwan, will complete the construction of photoresist fab. in Yunlin by the end of 2018.
- This 13 billion yen investment will lead to further reinforcement of business performance, as well as diversification of risks by having another production site besides Japan.

Production Capacity of Preform for Optical Fiber Expanded

- Production capacity of ingot for optical fiber is enhanced by total 18 billion yen investment.
- Completion is scheduled in 2019 for both Shin-Etsu (Jiangsu) Optical Preform Co., Ltd., and Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd., both joint venture companies in China.
- Our Kashima facility shall also extend fabrication space, aiming to gradually contribute to a production increase in early 2019.

Doubled Capacity for Rare-earth Magnet in Vietnam

- Shin-Etsu Magnetic Materials Vietnam Co., Ltd. has increased production capacity of rare-earth magnet two-fold from 1,100 to 2,200 tons/year, and production started as planned.
- With this investment we intend to expand our business by filling the potential demand from growing industries like automotive. In Japan we have fully integrated production from raw material through to magnet, and this investment shall enable the same for our Vietnam facility.

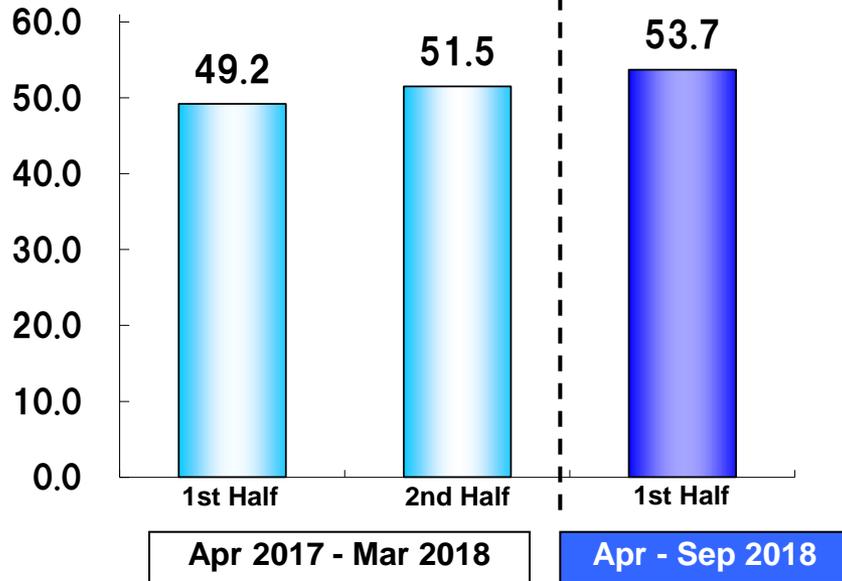


Processing, Trading & Specialized Services Business Segment

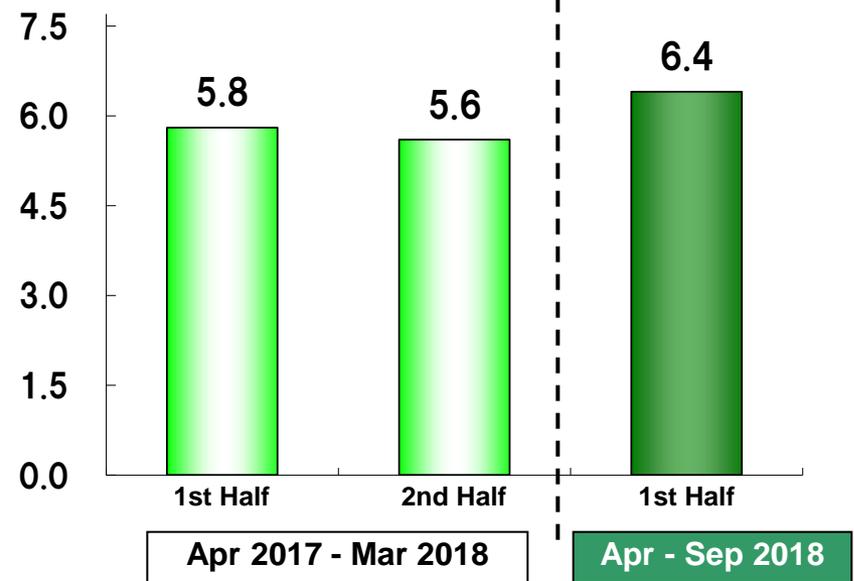
Net Sales

Operating Income

(Billions of Yen)



(Billions of Yen)



Shin-Etsu Polymer Co., Ltd.'s business of semiconductor wafer-related containers maintained a high level of shipments and continued to do well.

Introduction of Shin-Etsu Engineering Co., Ltd.

【 Outline of its engineering business to support Shin-Etsu group companies' growth 】

- The Shin-Etsu Group's growth is supported by the engineering expertise of Shin-Etsu Engineering ("SEE"). Representative case is SEE's contribution to Shintech's construction projects. Under Shin-Etsu Chemical's project manager SEE is responsible for design and construction work.
- In order to expand our businesses, it is necessary to look at market trends and increase the production capacity as appropriate. By constructing plants with engineers from the Shin-Etsu Group, it is possible to realize our advantage in construction costs, promote process management in cooperation with business entities and protect intellectual property.
- Construction work using this method is also practiced in domestic and overseas major construction work of the Shin-Etsu Group including semiconductor silicon and silicones manufacturing plants.



Quarterly Net Sales by Segment

(Net Sales)

(Billions of Yen)

	April 2017 - March 2018				April 2018 - March 2019	
	1Q	2Q	3Q	4Q	1Q	2Q
PVC/Chlor-Alkali Business	113.5	125.7	125.6	136.3	123.1	138.7
Silicones Business	49.9	50.9	52.1	53.2	55.6	58.2
Specialty Chemicals Business	28.3	28.6	31.2	28.9	30.5	29.2
Semiconductor Silicon Business	71.4	75.3	78.6	82.8	90.9	96.4
Electronics & Functional Materials Business	49.1	52.4	52.5	53.2	56.0	58.8
Processing, Trading & Specialized Services Business	23.7	25.5	25.8	25.6	27.2	26.5
Total	336.2	358.6	366.1	380.3	383.6	408.0



Quarterly Operating Income by Segment

(Operating Income)

(Billions of Yen)

	April 2017 - March 2018				April 2018 - March 2019	
	1Q	2Q	3Q	4Q	1Q	2Q
PVC/Chlor-Alkali Business	17.6	22.8	24.7	28.0	26.3	33.3
Silicones Business	12.1	12.7	13.5	13.5	13.5	15.5
Specialty Chemicals Business	6.5	6.5	6.3	6.3	6.8	6.6
Semiconductor Silicon Business	19.7	21.9	24.5	26.7	30.0	36.6
Electronics & Functional Materials Business	15.0	15.3	15.3	15.8	16.0	18.1
Processing, Trading & Specialized Services Business	2.8	2.9	2.5	3.1	3.0	3.4
Total	74.1	82.1	87.0	93.4	95.4	113.8



Comparative Income Statements (Consolidated)

(Billions of Yen)

	2017 April - September	2018 April - September	Increase (Decrease)
Net Sales	694.9	791.7	13.9% 96.8
Cost of sales	468.2	508.7	40.5
Selling, general and administrative expenses	70.3	73.7	3.4
Operating Income	156.3	209.2	33.9% 52.9
Non-operating income/expenses	3.8	7.8	4.0
Ordinary Income	160.2	217.1	35.5% 56.9
Income Before Income Taxes	160.2	217.1	35.5% 56.9
Income taxes	47.8	55.7	7.9
Net income attributable to non - controlling interests	1.6	2.5	0.9
Net income attributable to owners of parent	110.7	158.8	43.4% 48.1

Comparative Balance Sheets (Consolidated)

(Billions of Yen)

	Sep 30 2017 [a]	Mar 31 2018 [b]	Sep 30 2018 [c]	Increase (Decrease) [c-a]	Increase (Decrease) [c-b]		Sep 30 2017 [a]	Mar 31 2018 [b]	Sep 30 2018 [c]	Increase (Decrease) [c-a]	Increase (Decrease) [c-b]
Current Assets	1,576.8	1,702.9	1,779.3	202.5	76.4	Current Liabilities	314.8	378.4	369.8	55.0	(8.6)
Cash and time deposits	785.7	854.5	902.8	117.1	48.3	Notes and accounts payable-trade	126.6	136.8	136.7	10.1	(0.1)
Notes and accounts receivable-trade	330.4	332.8	363.9	33.5	31.1	Short-term borrowings	7.0	7.0	6.1	(0.9)	(0.9)
Securities	186.9	197.3	197.4	10.5	0.1	Accrued income taxes	36.9	58.9	43.6	6.7	(15.3)
Inventories	258.5	282.0	282.9	24.4	0.9	Other	144.3	175.5	183.2	38.9	7.7
Other	15.1	36.1	32.1	17.0	(4.0)						
Fixed Assets	1,151.3	1,200.2	1,218.0	66.7	17.8	Long-term Liabilities	151.1	111.6	110.5	(40.6)	(1.1)
Property, Plant and Equipment	853.8	899.7	919.2	65.4	19.5	Long-term debt	8.9	8.4	8.5	(0.4)	0.1
Machinery and equipment, net	436.4	454.8	440.4	4.0	(14.4)	Other	142.1	103.2	101.9	(40.2)	(1.3)
Other, net	417.4	444.8	478.8	61.4	34.0	Total Liabilities	466.0	490.1	480.3	14.3	(9.8)
Intangible Assets	9.8	9.4	8.5	(1.3)	(0.9)	Stockholders' Equity	2,161.2	2,289.9	2,418.4	257.2	128.5
Investments and Other Assets	287.6	291.0	290.1	2.5	(0.9)	Accumulated Other Comprehensive Income	42.3	61.3	33.8	(8.5)	(27.5)
Investments in securities	144.5	145.4	149.1	4.6	3.7	Share Subscription Rights Non - Controlling Interests in Consolidated Subsidiaries	58.6	61.7	64.7	6.1	3.0
Other	143.0	145.6	140.9	(2.1)	(4.7)	Total Net Assets	2,262.1	2,413.0	2,517.0	254.9	104.0
Total Assets	2,728.1	2,903.1	2,997.3	269.2	94.2	Total Liabilities and Net Assets	2,728.1	2,903.1	2,997.3	269.2	94.2

Notes: The effect on total assets and total liabilities as a result of retrospective application of Amendments to Accounting Standards for Tax Effect Accounting.

Comparison with total assets and total liabilities that were released in FY 2018

September 30, 2017 (6.1) billion Mar 31, 2018 (5.1) billion

(Reference) Breakdown of Comparative Balance Sheets
(Consolidated)

(Billions of Yen)

	Mar 31 2018	Sep 30 2018	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2018	Sep 30 2018	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	1,702.9	1,779.3	76.4	(20.9)	97.3	Current Liabilities	378.4	369.8	(8.6)	(4.1)	(4.5)
Cash and time deposits	854.5	902.8	48.3	(11.2)	59.5	Notes and accounts payable-trade	136.8	136.7	(0.1)	(1.3)	1.2
Notes and accounts receivable-trade	332.8	363.9	31.1	(5.1)	36.2	Short-term borrowings	7.0	6.1	(0.9)	0.0	(0.9)
Securities	197.3	197.4	0.1	0.0	0.1	Accrued income taxes	58.9	43.6	(15.3)	(0.7)	(14.6)
Inventories	282.0	282.9	0.9	(4.0)	4.9	Other	175.5	183.2	7.7	(2.1)	9.8
Other	36.1	32.1	(4.0)	(0.6)	(3.4)	Long-term Liabilities	111.6	110.5	(1.1)	(2.3)	1.2
						Total Liabilities	490.1	480.3	(9.8)	(6.4)	(3.4)
Fixed Assets	1,200.2	1,218.0	17.8	(18.4)	36.2	Stockholders' Equity	2,289.9	2,418.4	128.5	0.0	128.5
Property, Plant and Equipment	899.7	919.2	19.5	(17.0)	36.5	Accumulated Other Comprehensive Income	61.3	33.8	(27.5)	(31.9)	4.4
Intangible Assets	9.4	8.5	(0.9)	(0.3)	(0.6)	Share Subscription Rights Non - Controlling Interests in Consolidated Subsidiaries	61.7	64.7	3.0	(1.0)	4.0
Investments and Other Assets	291.0	290.1	(0.9)	(1.1)	0.2	Total Net Assets	2,413.0	2,517.0	104.0	(32.9)	136.9
Total Assets	2,903.1	2,997.3	94.2	(39.3)	133.5	Total Liabilities and Net Assets	2,903.1	2,997.3	94.2	(39.3)	133.5

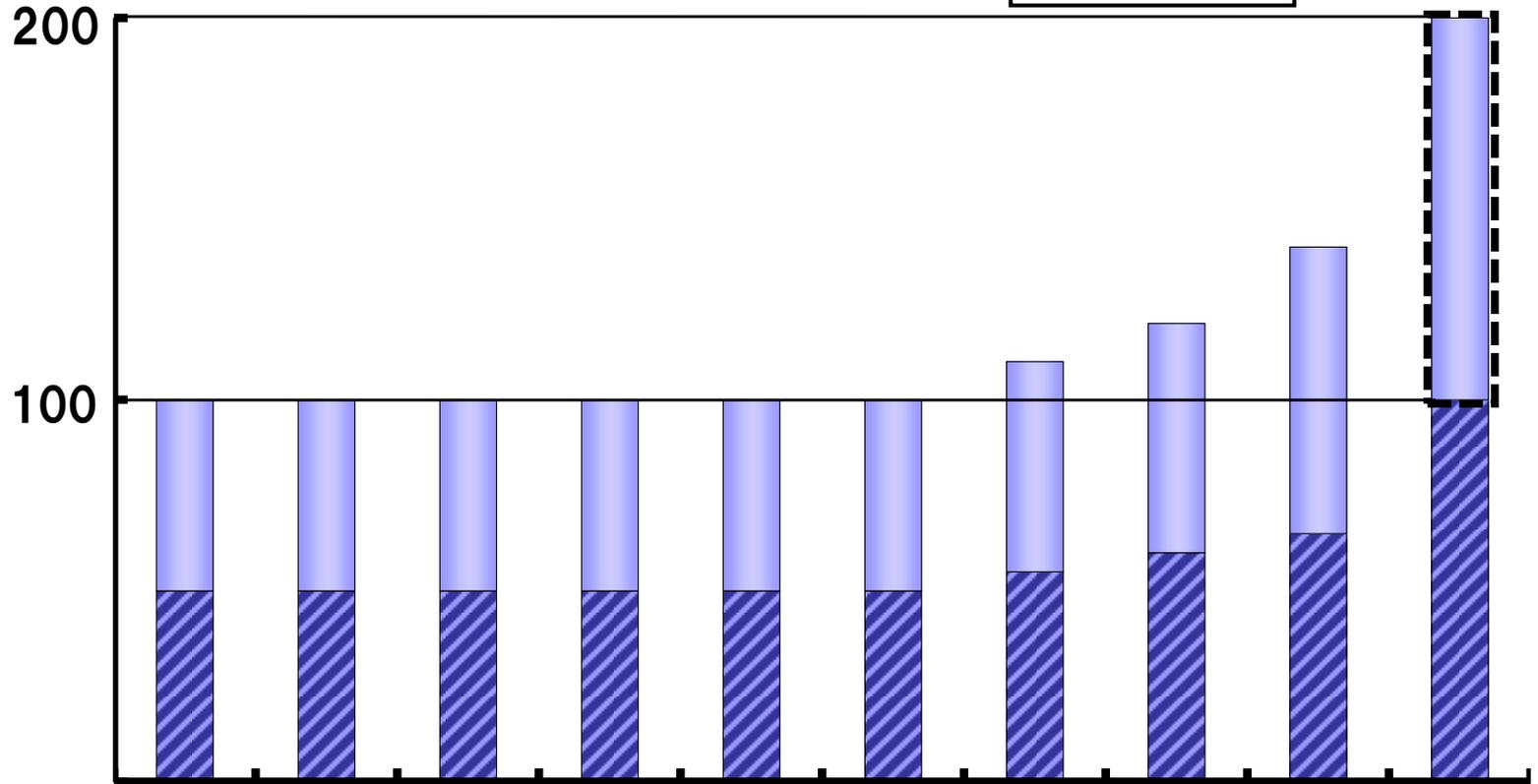
Comparative Statements of Cash Flows (Consolidated)

(Billions of Yen)

	2017 Apr - Sep	2018 Apr - Sep	Increase (Decrease)
(1) Cash Flows from Operating Activities	142.3	187.6	45.3
Net Income	110.7	158.8	48.1
Depreciation and amortization	50.7	61.8	11.1
(Increase)Decrease in working capital	(33.3)	(38.5)	(5.2)
Others	14.2	5.5	(8.7)
(2) Cash Flows from Investing Activities	(53.8)	18.1	71.9
(Increase)Decrease in time deposits	59.1	112.0	52.9
(Increase)Decrease in securities (mainly Negotiable certificates of deposit)	(33.2)	3.6	36.8
Capital expenditures	(78.6)	(98.2)	(19.6)
Others	(1.0)	0.6	1.6
(3) Cash Flows from Financing Activities	(22.8)	(33.1)	(10.3)
Increase(Decrease) in borrowings	1.6	(0.4)	(2.0)
Cash dividends paid	(25.5)	(31.9)	(6.4)
Others	1.0	(0.6)	(1.6)
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	(2.7)	(3.7)	(1.0)
Net Increase(Decrease) in Cash and Cash Equivalents	62.8	168.9	106.1
Balance of Cash and Cash Equivalents	796.4	950.6	154.2
Balance of Interest-bearing Liabilities	15.9	14.7	(1.2)

● ● ●
Cash Dividend
per Share
(Yen)

Cash Dividends per Share



Fiscal year ended March **2010** **2011** **2012** **2013** **2014** **2015** **2016** **2017** **2018** **2019**

Cash Dividend per Share (Yen)	First half	50	50	50	50	50	50	55	60	65	100
	Annual	100	100	100	100	100	100	110	120	140	200*
Net Income per Share (Yen)	Annual	197.5	235.8	237.0	248.9	267.2	302.0	349.5	412.9	624.3	679.8*
Dividend payout ratio	Annual	50.6%	42.4%	42.2%	40.2%	37.4%	33.1%	31.5%	29.1%	22.4%	29.4%*

*Forecast

Forecast of Consolidated Operating Performance

Fiscal Year Ending March 31, 2019

(We revised the previous forecast upward on October 26, 2018.)

(Billions of Yen)

	Consolidated		
	April 2017 - March 2018 Actual	April 2018 - March 2019 Forecast	Increase (Decrease)
Net Sales	1,441.4	1,560.0	8.2%
Operating Income	336.8	390.0	15.8%
Ordinary Income	340.3	400.0	17.5%
Net Income	266.2	290.0	8.9%
Net Income per Share (Yen)	624	680	56
Cash Dividend per Share (Yen)	140	200	60
Capital Expenditures	176.2	250.0	
Depreciation and Amortization	112.0	135.0	

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

Appendix (For Reference)

1) Average Exchange Rate

		US\$ (Yen/\$)					EUR (Yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar		Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar
Jul-Dec	Oct-Mar	Jul-Dec	Oct-Mar								
2017	Jan-Mar	113.6	112.4	111.1	112.2	110.9	121.1	121.6	126.3	126.7	129.7
	Apr-Jun	111.1					122.2				
	Jul-Sep	111.0	112.0	130.4			131.7				
	Oct-Dec	113.0		133.0							
2018	Jan-Mar	108.3	108.7	110.6	110.3	133.2	131.6	133.1			
	Apr-Jun	109.1		130.1		129.8					
	Jul-Sep	111.5	129.6								

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

	US\$	EUR
Shin-Etsu's assumption for the forecast from October 2018	105Yen/\$	130Yen/€

2) Sales by Region

(Billions of Yen)

	Japan	Overseas						Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas	Total	
			China					
First Half	26%	24%	32%	9%	11%	7%	74%	
Apr - Sep 2017	181.6	165.0	219.9	65.7	75.4	52.8	513.2	694.9
Second Half	26%	23%	32%	10%	11%	8%	74%	
Oct 2017 - Mar 2018	192.1	170.6	238.2	72.5	86.6	58.7	554.3	746.5
Fiscal Year	26%	23%	32%	10%	11%	8%	74%	
ended March 2018	373.8	335.7	458.1	138.3	162.1	111.6	1,067.6	1,441.4
First Half	27%	22%	32%	10%	12%	7%	73%	
Apr - Sep 2018	210.7	172.5	257.4	75.2	92.6	58.3	580.9	791.7

Note: Percentage indicates proportion to total consolidated net sales.

3) Topics (Oct. 1, 2017 – Oct. 26, 2018)

- Oct. 2017** **Shin-Etsu Chemical announced the increase of the production capacity for optical fiber preform at three manufacturing bases: Kashima Plant in Japan and two subsidiary companies in China.**
- Oct. 2017** **Shin-Etsu Chemical announced facility investments for cellulose derivatives at two manufacturing bases in Japan and Germany.**
- Nov. 2017** **Shin-Etsu Chemical announced price increases for silicone products.**
- Apr. 2018** **Shin-Etsu Chemical announced cancellation of treasury stock.**
- Jul. 2018** **Shintech decided to construct a new integrated PVC plant in the U.S.**
- Sep. 2018** **Shin-Etsu Chemical announced facility investments for silicone at main bases in seven countries such as Japan and Thailand.**
- Oct. 2018** **Shin-Etsu Chemical announced capacity expansion of photomask blanks in Japan.**

★ Please refer to news releases related to these matters on our website at <http://www.shinetsu.co.jp/en/news/>

4) Capital Investments

★: complete ☆: completion schedule

Company	Projects	Investment Amount	2017		2018		2019		2020		2021	
			1H	2H	1H	2H	1H	2H	1H	2H	1H	2H
Shintech (USA)	Establishment of a manufacturing plant for ethylene	\$1,400 million				☆						
Shintech (USA)	Establishment of a new integrated PVC plant	\$1,490 million								☆		
Shin-Etsu Chemical (Saitama)	Expansion of silicone rubber molding and processing Technical Center	—	★									
Shin-Etsu Chemical (Gunma, Naoetsu)	Reinforcement of the production capacity for highly functional silicone products	¥20 billion	★	*1 →								
Asia Silicones Monomer (Thailand) Shin-Etsu Silicones (Thailand)	Increase of the production capacity for silicone products	¥20 billion			★							
Shin-Etsu Chemical (Naoetsu)	Construction of a functional silane plant	¥2.3 billion			★							
Shin-Etsu Silicones of America (USA)	Reinforcement of the production capacity for silicone products	¥2.4 billion						☆				
Shin-Etsu Chemical and main overseas bases (Gunma, Thailand, etc.)	Reinforcement of the production capacity for silicone monomer and polymer	¥110 billion				*1 →				☆		
Shin-Etsu Chemical (Naoetsu) SE Tylose (Germany)	Facility investments for cellulose derivatives	¥20 billion						☆				
Shin-Etsu Magnetic Materials (Vietnam)	Reinforcement of the production capacity for rare earth magnets plant	¥5 billion				★						
Shin-Etsu Electronics Materials Taiwan (Taiwan)	Establishment of a new plant for photoresist-related products	¥13 billion				☆						
Shin-Etsu Chemical (Takefu, Naoetsu)	Reinforcement of the production capacity for photomask blanks	¥14 billion							☆ ^{*4}			☆ ^{*5}
Shin-Etsu Chemical (Kashima) Shin-Etsu (Jiangsu) Optical Preform (China) Shin-Etsu YOFC (Hubei) Optical Preform (China)	Reinforcement of the production capacity for optical fiber preform	¥18 billion				☆ ^{*2}		☆ ^{*3}				

*1 Starting up gradually *2 Kashima *3 China *4 Naoetsu *5 Takefu 27