

Press Release**Consolidated Financial Results for the Fiscal Year Ended March 31, 2020****Shin-Etsu Chemical Co., Ltd.****(JP GAAP)**

April 28, 2020

Listing Code: No. 4063 (URL: <https://www.shinetsu.co.jp/en/>)

Listing Stock Exchange: Tokyo and Nagoya

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Date of the annual shareholders' meeting June 26, 2020

Date of the filing of the consolidated financial statements June 29, 2020

Date of year-end dividend payment June 29, 2020

Preparation of supplemental explanatory materials: Yes ("Appendix" is attached.)

Holding of financial results meeting: Yes (for investment analysts and institutional investors)

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.

Percentage figures indicate increase (decrease) over previous fiscal year.

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2020(From April 1, 2019 to March 31, 2020)**(1) Results of consolidated operations**

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April 2019 - March 2020	1,543,525	(3.2%)	406,041	0.6%	418,242	0.7%	314,027	1.6%
April 2018 - March 2019	1,594,036	10.6%	403,705	19.9%	415,311	22.0%	309,125	16.1%

(Note) Comprehensive income (Millions of yen) April 2019 - March 2020: 286,889 [2.5%]
April 2018 - March 2019: 279,945 [1.7%]

	Net income per share (yen)	Diluted net income per share (yen)	Ratio of net income to stockholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
April 2019 - March 2020	755.17	755.01	12.3%	13.3%	26.3%
April 2018 - March 2019	725.99	725.92	12.8%	14.0%	25.3%

(Note) Equity in earnings (losses) of affiliates (Millions of yen) April 2019 - March 2020: 4,327
April 2018 - March 2019: 4,669**(2) Consolidated financial position**

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
March 31, 2020	3,230,485	2,723,141	82.1%	6,377.93
March 31, 2019	3,038,717	2,532,556	81.1%	5,915.47

(Note) Stockholders' equity (Millions of yen) As of March 31, 2020: 2,652,309 As of March 31, 2019: 2,465,597

(3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
April 2019 - March 2020	412,384	(394,547)	(94,055)	745,125
April 2018 - March 2019	400,687	(181,553)	(164,538)	828,345

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)					Total annual cash dividend paid (Millions of yen)	Dividend payout ratio	Ratio of dividend payout to net assets
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year			
April 2018 - March 2019	-	100.00	-	100.00	200.00	84,343	27.5%	3.5%
April 2019 - March 2020	-	110.00	-	110.00	220.00	91,473	29.1%	3.6%

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2021(From April 1, 2020 to March 31, 2021)

We will promptly make an announcement of the consolidated business and cash dividends forecast as soon as the disclosure of the forecast becomes possible.

(Notes)

(1) Changes in significant subsidiaries which affected the scope of consolidation during the current fiscal year: No

(2) Changes of accounting policies applied, changes in accounting estimates and retrospective restatement

Changes of accounting policies applied due to revisions of accounting standards: Yes

Changes of accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(Note) Please see (5) Notes to Consolidated Financial Statements, "Changes in Accounting Policies" on page 21 for further details.

(3) Number of shares outstanding (common stock)

	March 31, 2020	March 31, 2019
Number of shares outstanding at the year end	416,662,793	427,606,693
Number of shares of treasury stock at the year end	805,396	10,801,943
	April 2019 - March 2020	April 2018 - March 2019
Weighted-average number of shares outstanding over the year	415,838,457	425,797,367

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2020

(From April 1, 2019 to March 31, 2020)

(1) Results of non-consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
April 2019 - March 2020	845,356	2.8%	147,639	13.6%	167,412	24.2%	131,836	35.4%
April 2018 - March 2019	822,515	12.1%	130,011	1.0%	134,743	1.2%	97,403	0.5%

	Net income per share (yen)	Diluted net income per share (yen)
April 2019 - March 2020	317.04	316.98
April 2018 - March 2019	228.76	228.74

(2) Non-consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
March 31, 2020	1,156,255	821,894	70.9%	1,972.36
March 31, 2019	1,109,751	797,912	71.8%	1,912.02

(Note) Stockholders' equity (Millions of yen) As of March 31, 2020: 820,220 As of March 31, 2019: 796,940

Stockholders' equity used for the calculation of indices is net assets excluding share subscription rights.

(Information regarding audit procedures)

The financial information contained in this report is not subject to the audit procedures by independent auditors.

(Attached Documents)

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1. Results of Operations and Financial Position

(1) Results of Operations and Financial Position Overview

1) General Overview

The overall global economy during the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020) experienced a continued slowdown in its growth, necessitating adjustments in various areas. Amid such circumstances, it has confronted the "coronavirus crisis" since the beginning of this year. Within the fiscal year, the impact of the coronavirus crisis on the Company's overall business was limited.

Under these circumstances, the Shin-Etsu Group always strove to cope with changes swiftly, without prejudgments, for continuous business growth. Also, while deepening our customer relationships and expanding our customer base, we went forward with developing products that match customer needs, improving product quality, and differentiating our technologies from our competitors. In addition, we continued on-time deliveries and strict cost control, and made timely and appropriate capital investments in order to meet demands from customers and markets.

As a result, the business results for the fiscal year ended March 31, 2020 are as follows. Note that ongoing efforts to tackle the coronavirus crisis are described in the latter part of this document.

			(Billions of yen)
	Fiscal year 18/4 - 19/3	Fiscal year 19/4 - 20/3	Increase (Decrease)
Net sales	1,594.0	1,543.5	(3.2%) (50.5)
Operating income	403.7	406.0	0.6% 2.3
Ordinary income	415.3	418.2	0.7% 2.9
Net income attributable to owners of parent	309.1	314.0	1.6% 4.9
ROIC	21.5%	19.4%	(2.1 points)
ROE	12.8%	12.3%	(0.5 points)
ROA	14.0%	13.3%	(0.7 points)
Per Share (Yen)			
Net income	726	755	29
Cash dividends	200	(Forecast) 220	20

- 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.

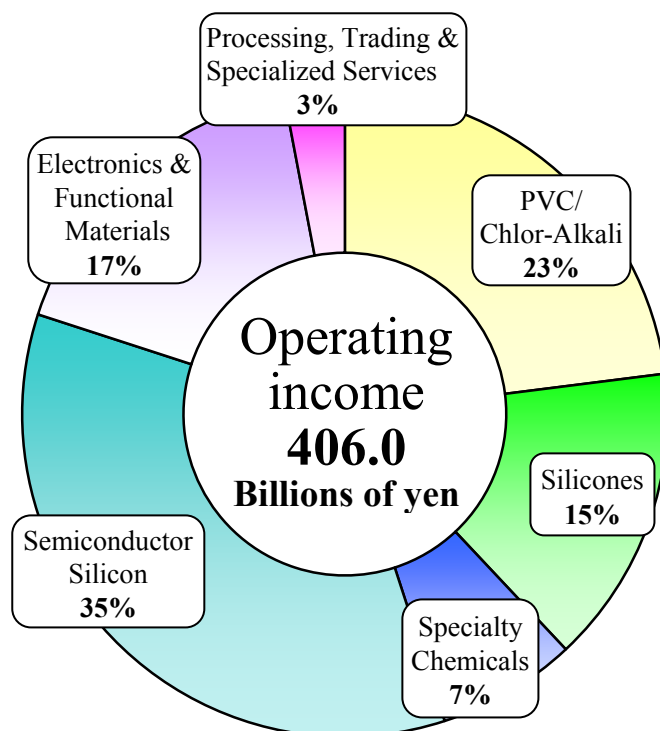
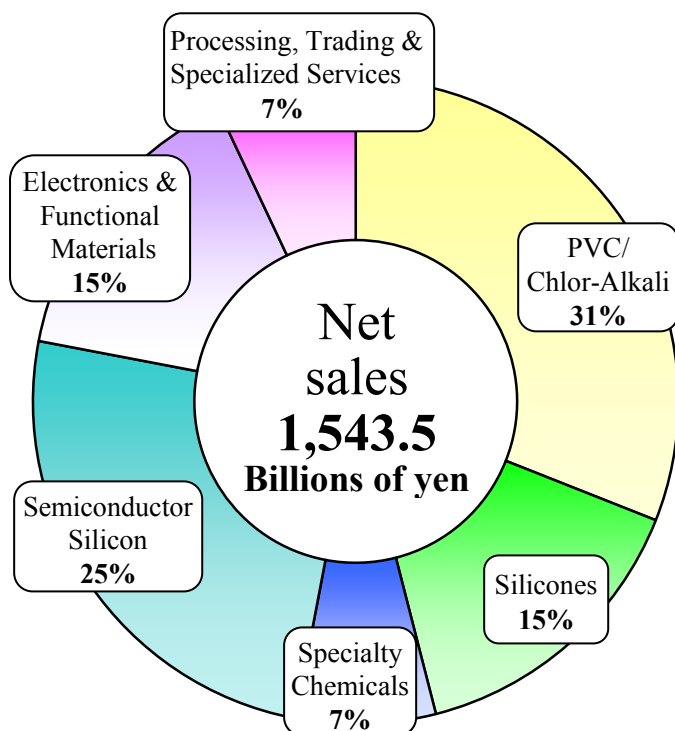
► Amounts are stated in billions of yen by discarding fractional amounts less than 0.1 billion on this summary.

2) Business Segment Overview

Net sales and Operating income by Segment

(Billions of yen)

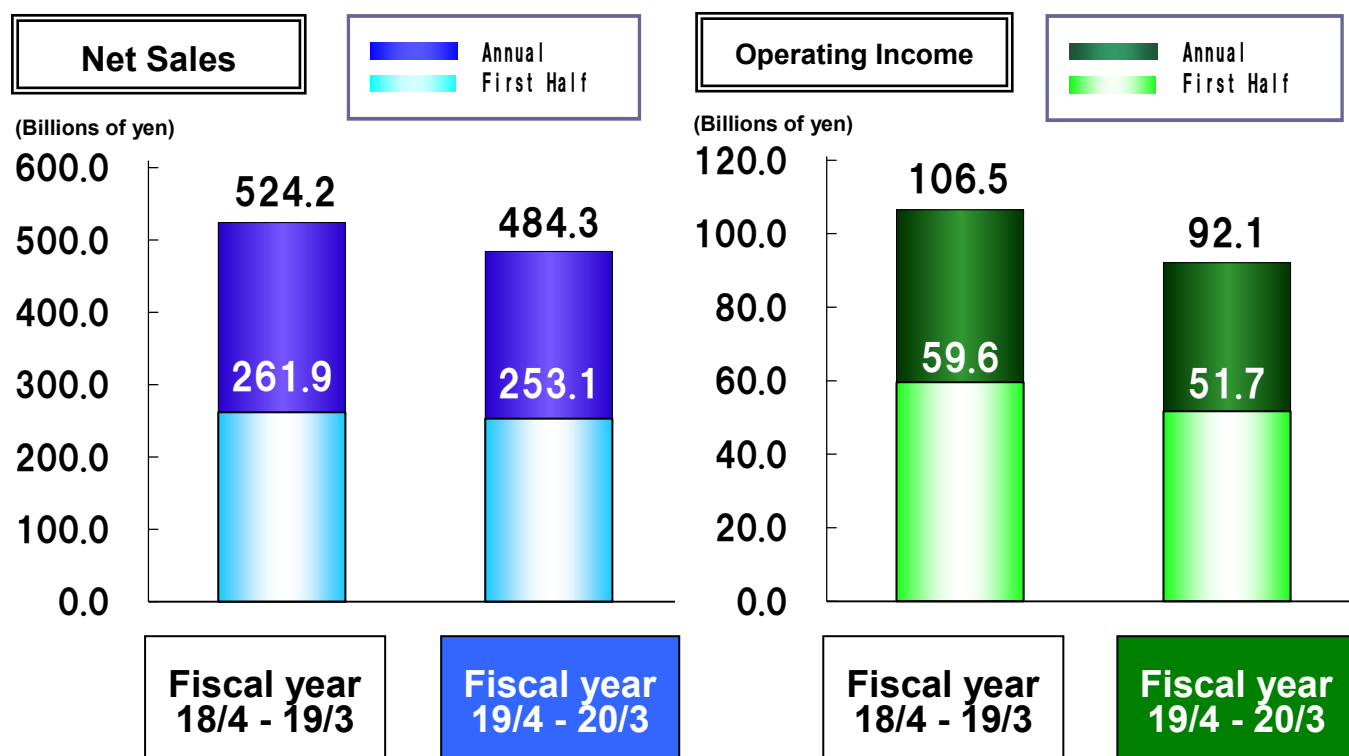
	Net sales			Operating income		
	Fiscal year 18/4 - 19/3	Fiscal year 19/4 - 20/3	Increase (Decrease)	Fiscal year 18/4 - 19/3	Fiscal year 19/4 - 20/3	Increase (Decrease)
PVC/Chlor-Alkali Business	524.2	484.3	(7.6%) (39.9)	106.5	92.1	(13.5%) (14.4)
Silicones Business	233.3	226.8	(2.8%) (6.5)	58.5	61.4	5.0% 2.9
Specialty Chemicals Business	121.1	114.7	(5.2%) (6.4)	26.6	27.7	4.2% 1.1
Semiconductor Silicon Business	380.3	387.6	1.9% 7.3	131.9	143.2	8.6% 11.3
Electronics & Functional Materials Business	226.0	225.1	(0.4%) (0.9)	66.9	68.5	2.3% 1.6
Processing, Trading & Specialized Services Business	108.7	104.7	(3.7%) (4.0)	13.2	14.8	11.5% 1.6
Total	1,594.0	1,543.5	(3.2%) (50.5)	403.7	406.0	0.6% 2.3



PVC/Chlor-Alkali Business

	Fiscal year 18/4 - 19/3 (Billions of yen)	Fiscal year 19/4 - 20/3 (Billions of yen)	Increase / (Decrease)
Net sales	524.2	484.3	(7.6%)
Operating income	106.5	92.1	(13.5%)

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., though affected by market conditions. We strove to maintain sales volumes at the European bases; however, they were also affected by market conditions. The business at the Japanese bases was firm.

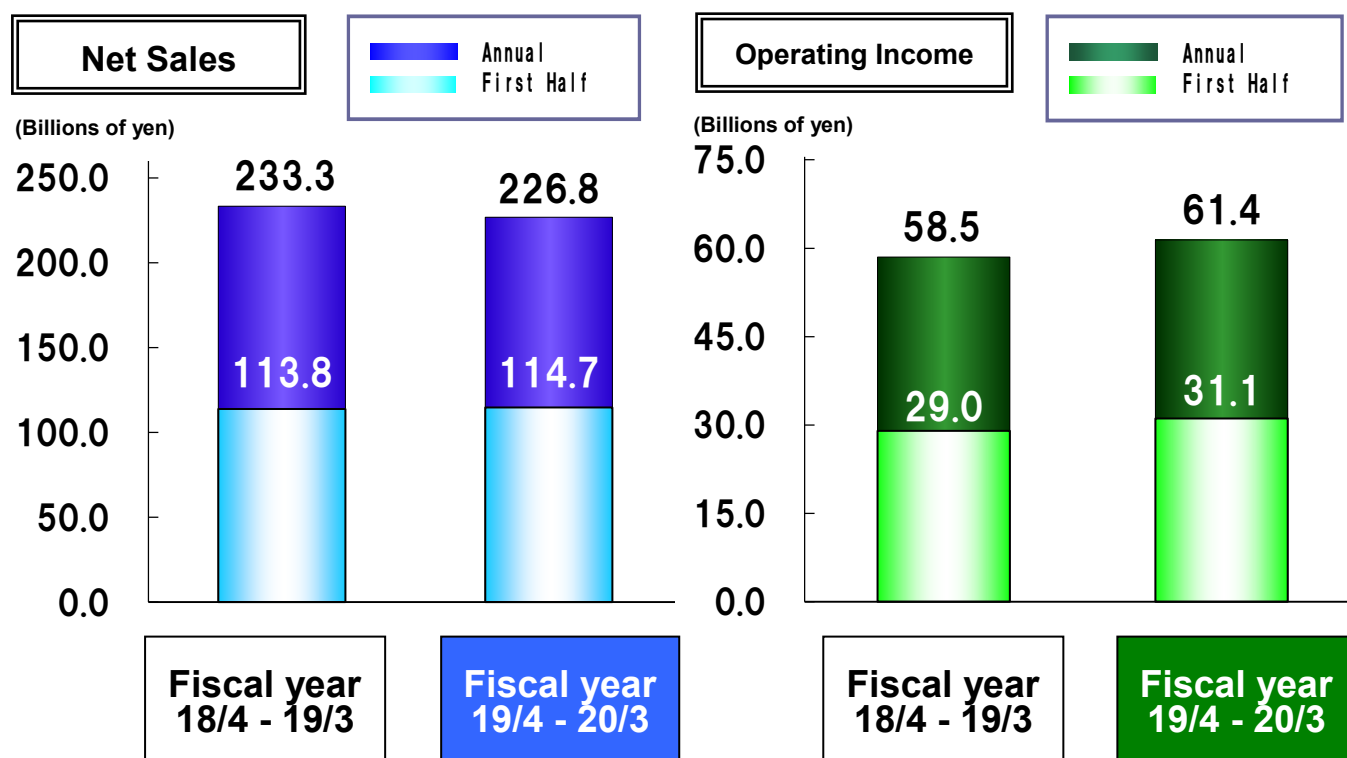


- Shintech Inc.'s ethylene plant has started commercial production.
- We promptly tackled the changes in the raw material situation brought about by a significant decline in crude oil prices as well as the changes in demand caused by the coronavirus crisis.
- We focused on maintaining the ECU (electrochemical unit) value.
- We are continuing construction of a new integrated PVC plant at Shintech Inc. as planned.

Silicones Business

	Fiscal year 18/4 - 19/3 (Billions of yen)	Fiscal year 19/4 - 20/3 (Billions of yen)	Increase / (Decrease)
Net sales	233.3	226.8	(2.8%)
Operating income	58.5	61.4	5.0%

With regard to the silicones business, it was affected by the price decline of general-purpose products despite our efforts to expand the sales of functional products and other products.

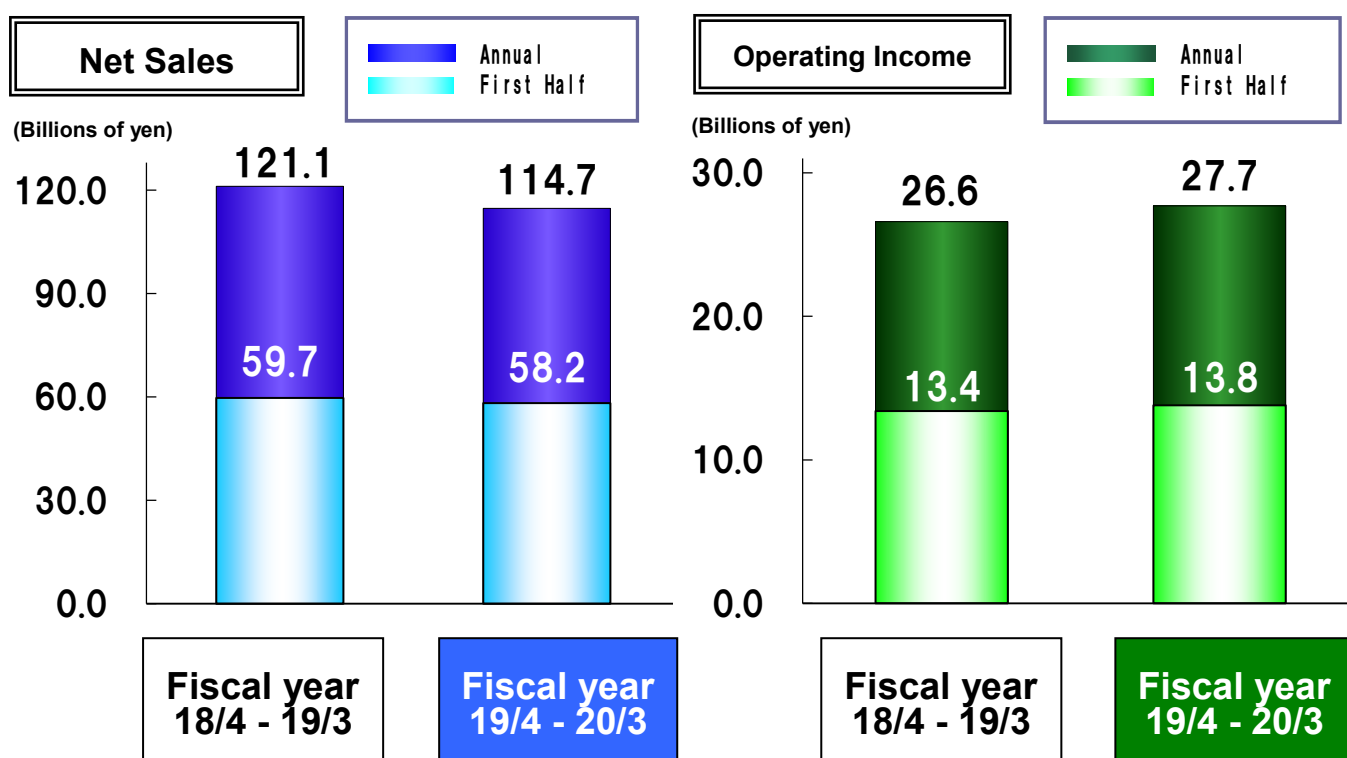


- We immediately adapted to the fluctuations in demand by expanding our production lineups further.
- We steadily implemented the capacity expansion investment plan while reviewing the priorities of investment items as appropriate.

Specialty Chemicals Business

	Fiscal year 18/4 - 19/3 (Billions of yen)	Fiscal year 19/4 - 20/3 (Billions of yen)	Increase / (Decrease)
Net sales	121.1	114.7	(5.2%)
Operating income	26.6	27.7	4.2%

With regard to the cellulose derivatives business, the pharmaceutical products continued to be firm while sales of products for building and construction applications were weak. Synthetic pheromone products had firm shipments; however, POVAL products were affected by the market conditions.

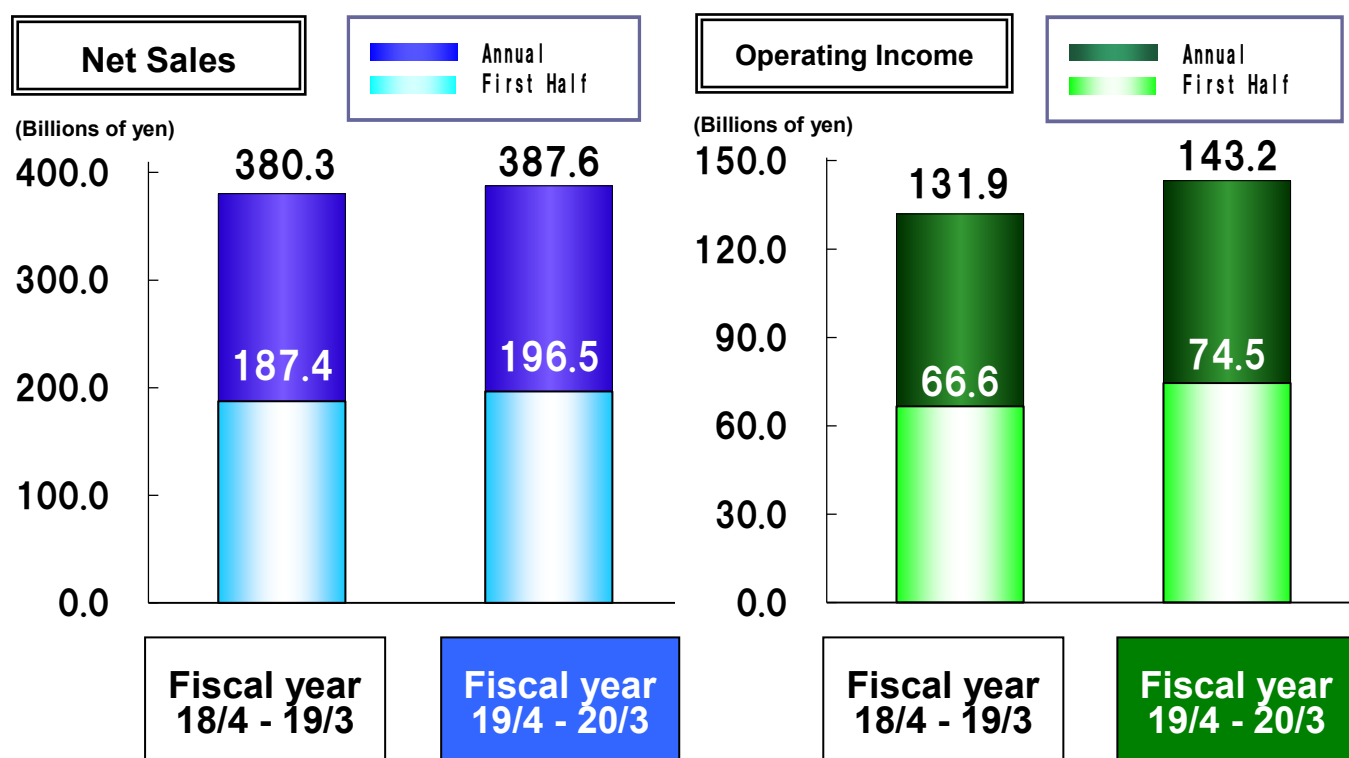


- We are promoting further advancement of product portfolio by utilizing the facilities of the completed methylcellulose plant in Japan.
- We increased product varieties for the synthetic pheromone products.

Semiconductor Silicon Business

	Fiscal year 18/4 - 19/3 (Billions of yen)	Fiscal year 19/4 - 20/3 (Billions of yen)	Increase / (Decrease)
Net sales	380.3	387.6	1.9%
Operating income	131.9	143.2	8.6%

With regard to the semiconductor silicon business, we strove to maintain the level of sales prices and shipments although the semiconductor device market remained in an adjustment phase.

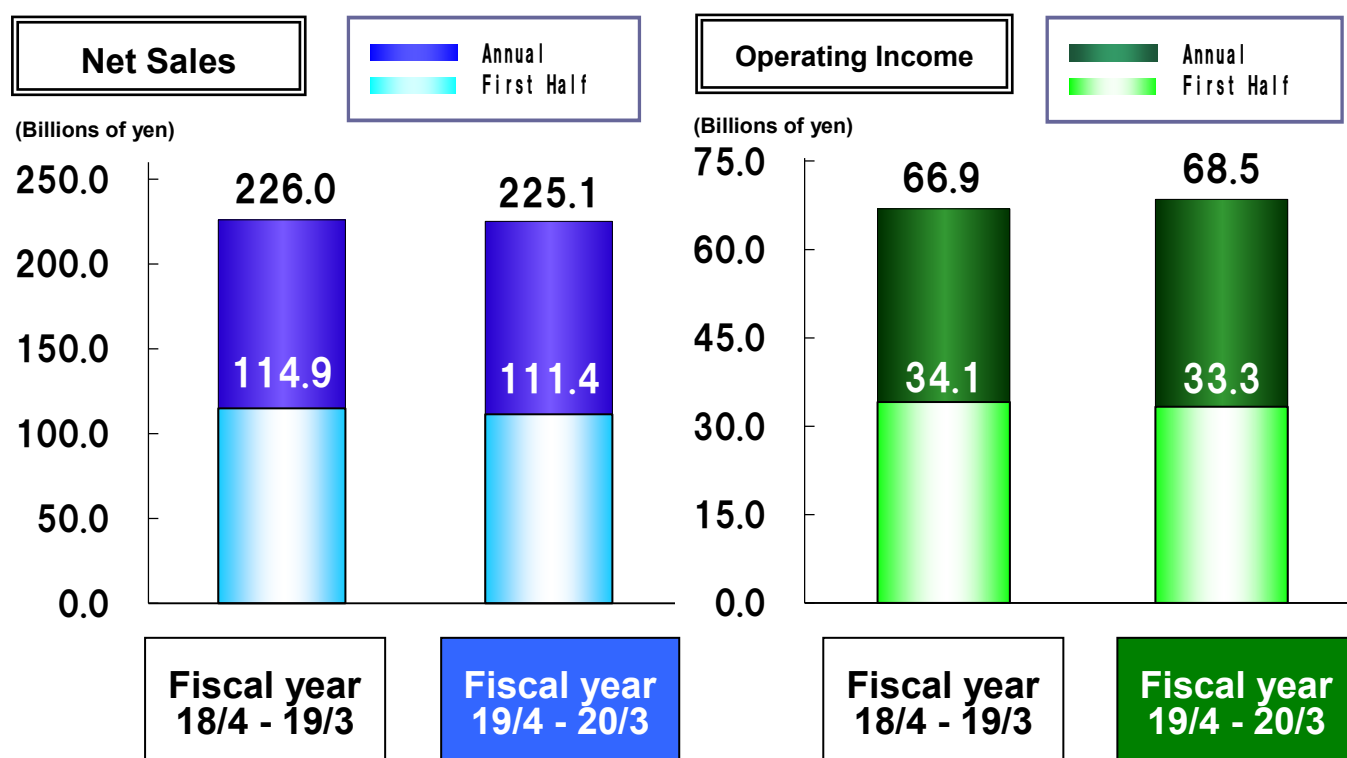


- We ensured and maintained on-time deliveries to semiconductor device manufacturers, who are currently continuing with steady and sound production.
- We contributed to the further expansion of the semiconductor device market such as for automation, robotization, the standardization of work, telecommuting, online adoption, deployment of telecommunication infrastructure.

Electronics & Functional Materials Business

	Fiscal year 18/4 - 19/3 (Billions of yen)	Fiscal year 19/4 - 20/3 (Billions of yen)	Increase / (Decrease)
Net sales	226.0	225.1	(0.4%)
Operating income	66.9	68.5	2.3%

With regard to the rare earth magnets business, products for industrial equipment applications were affected by the slowing demand; however, we maintained the sales of products for other markets, mainly for environmentally-friendly automobile applications. The photoresist products business was generally favorable, mainly with ArF photoresists and EUV photoresists. The photomask blanks business also continued to be stable. The optical fiber preform business experienced harsh conditions due to the impact of the deteriorating market; however, the photomask substrates business for large panel applications continued to be favorable.

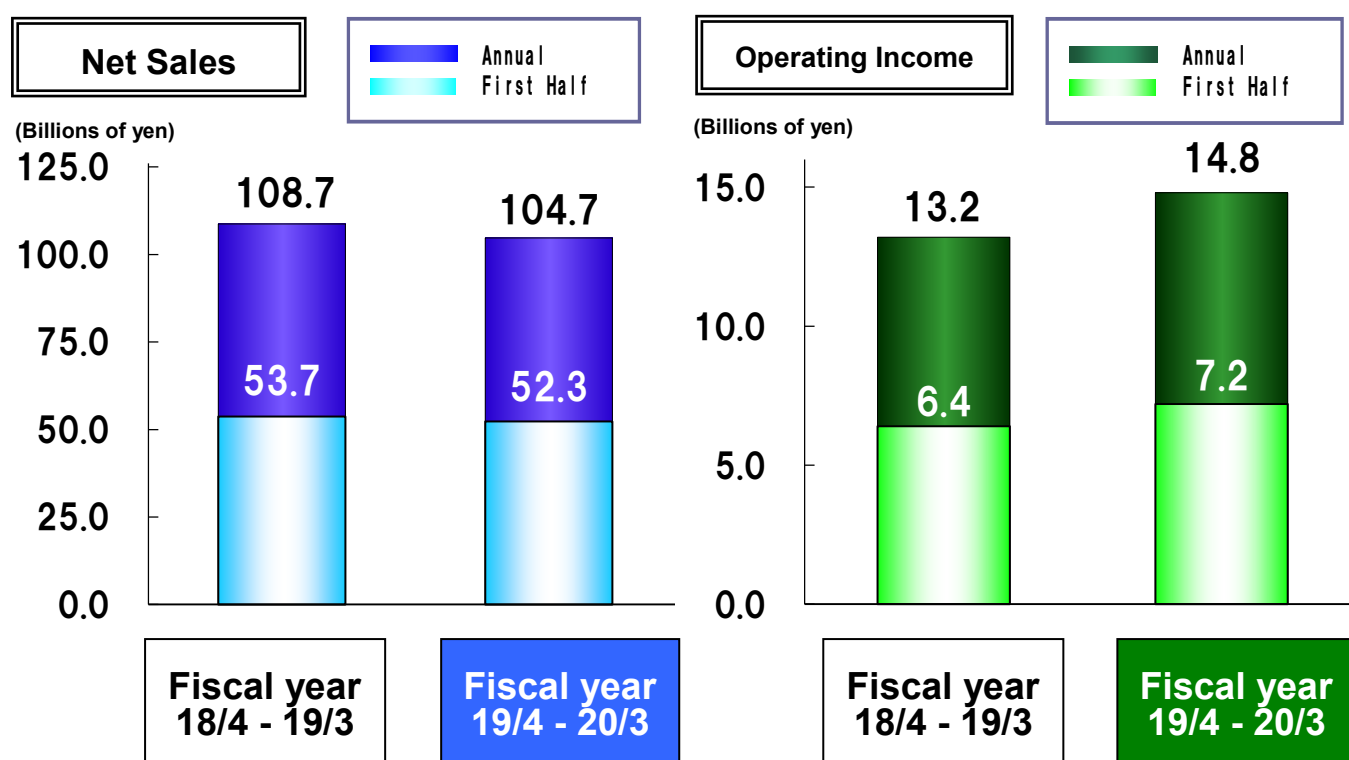


- Regarding the rare earth magnets business, we speedily responded to customer needs for automobile application products. We immediately responded to the resumption of factory automation investments.
- Regarding the photoresists business, we made sure to meet the firm demand by utilizing the two bases.
- Regarding the photomask blanks business, we will supply high-end products produced with our additional enhanced capacity that started partial production this April.

Processing, Trading & Specialized Services Business

	Fiscal year 18/4 - 19/3 (Billions of yen)	Fiscal year 19/4 - 20/3 (Billions of yen)	Increase / (Decrease)
Net sales	108.7	104.7	(3.7%)
Operating income	13.2	14.8	11.5%

Shin-Etsu Polymer Co., Ltd.'s semiconductor wafer-related containers were affected by a slowdown in investment in the semiconductor device-related market.



- Regarding the semiconductor wafer-related containers business, we are ensuring that we will capture the demand when semiconductor device makers resume investments in capacity enhancement.

3) Information on Assets, Liabilities and Net assets

At the end of FY 2020, total assets increased by ¥191.7 billion compared with that at the end of the previous fiscal year to ¥3,230.4 billion. It was mainly due to increases in property, plant and equipment and inventories.

Total liabilities increased by ¥1.2 billion from that at the end of the previous fiscal year to ¥507.3 billion.

Total net assets increased by ¥190.6 billion compared with that at the end of the previous fiscal year to ¥2,723.1 billion. This increase was mainly due to net income attributable to owners of parent of ¥314.0 billion for FY 2020 and offset by a cash dividend payment of ¥87.4 billion.

4) Status of Cash Flows

		Billions of yen		
		April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020	Increase (Decrease)
Cash and cash equivalents at beginning of fiscal year		780.4	828.3	47.9
1.	Cash flows from operating activities	400.6	412.3	11.7
2.	Cash flows from investing activities	(181.5)	(394.5)	(213.0)
3.	Cash flows from financing activities	(164.5)	(94.0)	70.5
4.	Effect of foreign exchange and others	(6.6)	(7.0)	(0.4)
Net increase (decrease) in cash and cash equivalents		47.8	(83.2)	(131.0)
Cash and cash equivalents at end of fiscal year		828.3	745.1	(83.2)

The balance of cash and cash equivalents at the end of FY 2020 decreased by 10.0% (¥83.2 billion) compared with that at the end of the previous fiscal year to ¥745.1 billion.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥412.3 billion, an increase of ¥11.7 billion from the previous fiscal year. This consisted mainly of ¥426.0 billion in income before income taxes and non-controlling interests, ¥131.1 billion in depreciation and amortization and ¥107.8 billion for the payment of income taxes.

Cash flows from investing activities

Net cash used for investing activities increased by ¥213.0 billion from the previous fiscal year to ¥394.5 billion. This was mainly due to ¥268.3 billion for purchases of property, plant and equipment and ¥127.5 billion for net increase in time deposits.

Cash flows from financing activities

Net cash used for financing activities decreased by ¥70.5 billion from the previous fiscal year to ¥94.0 billion. This was mainly due to a cash dividend payment of ¥87.4 billion and ¥10.5 billion for purchases of treasury stock.

(Reference)

The trend of cash flow indices

	For the fiscal year ended				
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Stockholders' equity ratio (%)	80.8	80.3	81.0	81.1	82.1
Stockholders' equity ratio on market value basis (%)	98.8	154.8	161.7	127.3	138.1
Debt repayment ratio (%)	4.7	4.9	4.7	3.7	5.7
Interest coverage ratio (times)	600.8	550.2	554.9	533.4	810.7

(Notes)* Stockholders' equity ratio: stockholders' equity/total assets

Stockholders' equity used for the calculation of indices is net assets, excluding both share subscription rights and non-controlling interests in consolidated subsidiaries

* Stockholders' equity ratio on market value basis: aggregate market value of common stock/total assets

* Debt repayment ratio: interest-bearing liabilities/cash flows from operating activities

* Interest coverage ratio: cash flows from operating activities/interest payments

1. All indices are calculated based on the consolidated financial figures.
2. Aggregate market value of common stock is calculated by multiplying the market price at the end of each fiscal year by the number of outstanding shares, excluding treasury stock, at the end of each fiscal year.
3. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest.

5) Basic Policy Concerning Profit-sharing

From the long-term perspective, we are focusing on expanding profitability and maintaining a solid financial base, and our basic policy is to return the fruits of such management efforts to our shareholders in a proper, consistent manner. We strive to increase our corporate value by allocating internal reserves for capital investments and R&D investments and aggressively using them for enhanced global competitiveness, future business development and further growth. As we face the global coronavirus crisis, we will maintain our financial base, which will support our efforts to confront the drastic economic fluctuations that may occur. Based on this policy, we emphasize shareholder return as part of our capital policy and strive to provide, considering various circumstances, stable dividends at a dividend payout ratio of around 35% in the medium- to long-term.

In accordance with these, the year-end dividend for the fiscal year is planned to be ¥110 per share, which is at the same level as the interim dividend of ¥110 per share at the end of the second quarter. As a result, the annual dividend will be ¥220 per share, ¥20 up from the annual dividend of ¥200 per share for the last fiscal year.

(2) Business Prospects

The global economy is right in the midst of the coronavirus crisis. It is unpredictable at this moment when and how the coronavirus crisis will end and how badly the global economy will be damaged. Under such circumstances, we will focus on maintaining our employees' health and safety, continuing production, securing sales and fulfilling business requirements including preservation of receivables. Based on close communication with customers, we will strive to develop products that have value for them and ensure the stable supply of our products. We will also continue improving our cost competitiveness and product quality. We are currently carrying out the decided investments according to the plan. Further, we will implement timely, appropriate investments for business growth.

It is difficult for us to reasonably forecast business performance over the next year at the present time, and therefore, we have decided to defer the release of the annual guidance till a later date. We will promptly release it as soon as we can.

As of March 31, 2020, we have a total of 1,087.8 billion yen in cash, time deposits and securities including negotiable certificates of deposit. Therefore, we have secured sufficient liquidity.

(3) Management Policies

1) Basic Management Policies

The Company aims to respond to our shareholders' expectations by contributing to people's daily lives, society and industries through value creation with our materials and technologies. To achieve this, we will move forward with business management that enables us to establish stable relationships with customers worldwide and to cope adequately with changes in the economic situation and market conditions, while continuously making efforts to improve productivity as well as pursuing the world's best technology and quality. In addition, keeping the "Sustainable Development Goals (SDGs)" in mind, we will conduct business operations that will contribute to these goals in multiple aspects. We recognize that the Group's products, businesses and operational methods have an inherent affinity with the SDGs, and we will enhance them further.

2) Targeting Our Management Objectives: Shin-Etsu's Mid- to Long-term Management Strategies

The management indicator sets a target of increasing revenue and earnings every fiscal year. Among our main products, there are some that are affected by changes in business environment including market conditions. We need to adapt speedily to changes in the external environment in order to manage each business in rapidly changing markets. Based on the policies mentioned in "Basic Management Policies" above, we strive to carry out solid management every day, every month and every year and will focus on increasing sales and earnings. Given the growing need today to realize the sustainable development of human society and the improvement of its quality while minimizing the burden on the environment, it is essential to maximize efficiency. Technologies such as the high-speed processing of data, automatic driving, IoT, 5G and AI should be utilized and continue to evolve for these purposes. We believe we have a significant role to play in this regard. We will make efforts so that many of our products will contribute to these objectives and will pursue tangible results in developing new products to this end.

3) Policy Implementation

As stated earlier, it is impossible to identify what kind of economic setback and fluctuations may be brought about by the coronavirus crisis, and we cannot predict its impact on the Company's business yet. We will do our best to minimize the impact and to be prepared for the "post-coronavirus" period. We will closely and carefully watch the market and discover where demand may lie. At the same time,

we will apply production capacity as appropriate in order to meet supply requests from customers. In addition, we will accelerate the launch of new products into the market.

With regard to the PVC business, the ethylene production plant has started operations at Shintech Inc. in the US, and we will utilize it to increase our long-term cost competitiveness. A new integrated PVC plant is under construction as planned; meanwhile, we have begun considering the second phase.

With regard to the silicones business, we are proceeding with the large-scale expansion of our production capacity for silicone monomers and final products at our major sites and striving to expand the supply system and product lineups for customers worldwide. We will further develop our products and their applications in order to contribute to the solution of our customers' issues.

With regard to the specialty chemicals business, for our cellulose business, we will strive for the stable supply of various products from our three bases in Japan, the US and Europe. In addition to special products for pharmaceuticals and functional products for industrial applications, on which we have focused, we will respond to the increasing demand for food application products. As for our pheromone products, we will increase the number of application brands and contribute to the improvement of agricultural production. Regarding other existing products such as POVAL, we will go forward and expand the sales as well.

With regard to the semiconductor silicon business, although the semiconductor device market has short-term fluctuations, we will employ every possible means to continue our stable supply of high-quality silicon wafers because of the certainty of the growth of its market in the long-term. We will enhance our competitiveness while ascertaining the trends of customers and markets.

With regard to the electronics & functional materials business, for our rare earth magnets business, we will make use of our integrated production system from refining raw materials to producing final products at the two bases in Japan and Vietnam, and at the same time, we will review the stable supply system. As for our encapsulant materials and substrate materials, we will create new products such as 5G compatible products. In our optical fiber preforms business, we will fulfill customer requests as the only merchant supplier. In our synthetic quartz substrates business, we will respond to the demand by providing high-quality products in various sizes quickly. In our photoresists business, we will continue focusing on the development and stable supply of high-end products, and in our photomask blanks business, we will meet the demand for high-end products with our integrated production system that starts from producing the substrates.

2. Basic Approach to the Selection of Accounting Standards

We have been using Japanese Generally Accepted Accounting Principles (JP-GAAP). We do not intend to change the accounting standards applied in the foreseeable future.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31, 2019 and 2020

	Millions of yen	
	March 31, 2019	March 31, 2020
ASSETS		
Current Assets:		
Cash and time deposits	826,680	836,448
Notes and accounts receivable-trade	338,701	325,489
Securities	215,444	251,377
Inventories	329,494	365,667
Other	47,527	52,723
Less: Allowance for doubtful accounts	(7,379)	(7,186)
Total current assets	1,750,469	1,824,519
Fixed Assets:		
Property, plant and equipment		
Buildings and structures, net	188,268	202,848
Machinery and equipment, net	445,974	440,595
Land	88,806	92,577
Construction in progress	255,232	367,309
Other, net	9,678	16,584
Total property, plant and equipment	987,960	1,119,915
Intangible assets	8,740	10,099
Investments and other assets:		
Investments in securities	141,685	126,060
Deferred tax assets	59,154	63,735
Other	93,332	88,446
Less: Allowance for doubtful accounts	(2,624)	(2,291)
Total investments and other assets	291,548	275,950
Total fixed assets	1,288,248	1,405,965
TOTAL ASSETS	3,038,717	3,230,485

Millions of yen		
	March 31, 2019	March 31, 2020
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	141,027	136,442
Short-term borrowings	7,008	8,295
Accounts payable-other	75,128	75,094
Accrued expenses	74,354	73,292
Accrued income taxes	45,739	44,377
Other	48,596	40,291
Total current liabilities	391,854	377,794
Long-term Liabilities:		
Long-term debt	7,624	15,124
Deferred tax liabilities	62,669	59,378
Net defined benefit liability	30,473	36,243
Other	13,540	18,803
Total long-term liabilities	114,306	129,549
TOTAL LIABILITIES	506,161	507,343
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,299	128,323
Retained earnings	2,283,760	2,413,769
Less: Treasury stock, at cost	(94,702)	(7,123)
Total stockholders' equity	2,436,777	2,654,388
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	22,955	10,296
Deferred gains (losses) on hedges	(266)	(2,799)
Foreign currency translation adjustments	5,143	(8,187)
Remeasurements of defined benefit plans	987	(1,387)
Total accumulated other comprehensive income	28,820	(2,078)
Share subscription rights	1,143	1,904
Non-controlling interests in consolidated subsidiaries	65,814	68,927
TOTAL NET ASSETS	2,532,556	2,723,141
TOTAL LIABILITIES AND NET ASSETS	3,038,717	3,230,485

(2) Consolidated Statements of Income and Statements of Comprehensive Income

For the fiscal years ended March 31, 2019 and 2020

Consolidated Statements of Income

	Millions of yen	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Net sales	1,594,036	1,543,525
Cost of sales	1,039,979	987,782
Gross profit	554,057	555,743
Selling, general and administrative expenses	150,352	149,702
Operating income	403,705	406,041
Non-operating income:		
Interest income	9,093	10,777
Dividend income	5,896	7,388
Equity in earnings of affiliates	4,669	4,327
Other income	3,618	2,047
Total non-operating income	23,277	24,541
Non-operating expenses:		
Interest expenses	746	749
Foreign exchange loss	217	5,650
Other expenses	10,707	5,940
Total non-operating expenses	11,671	12,339
Ordinary income	415,311	418,242
Extraordinary income:		
Gain on sales of investment securities	-	7,774
Total extraordinary income	-	7,774
Income before income taxes and non-controlling interests	415,311	426,017
Income taxes:		
Current	104,186	108,290
Deferred	(2,861)	(564)
Total income taxes	101,325	107,726
Net income	313,986	318,290
Net income attributable to non-controlling interests	4,860	4,263
Net income attributable to owners of parent	309,125	314,027

Consolidated Statements of Comprehensive Income

	Millions of yen	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Net income	313,986	318,290
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(3,499)	(12,732)
Deferred gains (losses) on hedges	(1,928)	(2,530)
Foreign currency translation adjustments	(30,861)	(13,642)
Remeasurements of defined benefit plans	2,383	(2,371)
Share of other comprehensive income of affiliates accounted for using the equity method	(134)	(125)
Total other comprehensive income	(34,040)	(31,401)
Comprehensive income	279,945	286,889
(Breakdown)		
Comprehensive income attributable to owners of parent	276,632	283,128
Comprehensive income attributable to non-controlling interests	3,312	3,760

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019

(Millions of yen)

	Stockholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total stockholders' equity
Balance at the beginning of the year	119,419	129,937	2,070,779	(30,207)	2,289,929
Changes during the year					
Cash dividends			(74,655)		(74,655)
Net income attributable to owners of parent			309,125		309,125
Purchase of treasury stock				(89,475)	(89,475)
Disposal of treasury stock		166		429	596
Retirement of treasury stock		(24,551)		24,551	
Transfer to additional paid-in capital from retained earnings		22,719	(22,719)		
Others		27	1,230		1,257
Net changes of items other than stockholders' equity					
Total changes during the year	-	(1,637)	212,980	(64,495)	146,848
Balance at the end of the year	119,419	128,299	2,283,760	(94,702)	2,436,777

(Millions of yen)

	Accumulated Other Comprehensive Income					Share subscription rights	Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	26,446	1,671	34,611	(1,416)	61,313	524	61,258	2,413,025
Changes during the year								
Cash dividends								(74,655)
Net income attributable to owners of parent								309,125
Purchase of treasury stock								(89,475)
Disposal of treasury stock								596
Retirement of treasury stock								
Transfer to additional paid-in capital from retained earnings								
Others								1,257
Net changes of items other than stockholders' equity	(3,491)	(1,938)	(29,467)	2,403	(32,493)	619	4,556	(27,317)
Total changes during the year	(3,491)	(1,938)	(29,467)	2,403	(32,493)	619	4,556	119,530
Balance at the end of the year	22,955	(266)	5,143	987	28,820	1,143	65,814	2,532,556

For the fiscal year ended March 31, 2020

(Millions of yen)

	Stockholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total stockholders' equity
Balance at the beginning of the year	119,419	128,299	2,283,760	(94,702)	2,436,777
Changes during the year					
Cash dividends			(87,410)		(87,410)
Net income attributable to owners of parent			314,027		314,027
Purchase of treasury stock				(10,566)	(10,566)
Disposal of treasury stock		145		1,391	1,537
Retirement of treasury stock		(96,753)		96,753	
Transfer to additional paid-in capital from retained earnings		96,608	(96,608)		
Others		23			23
Net changes of items other than stockholders' equity					
Total changes during the year	-	23	130,008	87,579	217,611
Balance at the end of the year	119,419	128,323	2,413,769	(7,123)	2,654,388

(Millions of yen)

	Accumulated Other Comprehensive Income					Share subscription rights	Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	22,955	(266)	5,143	987	28,820	1,143	65,814	2,532,556
Changes during the year								
Cash dividends								(87,410)
Net income attributable to owners of parent								314,027
Purchase of treasury stock								(10,566)
Disposal of treasury stock								1,537
Retirement of treasury stock								
Transfer to additional paid-in capital from retained earnings								
Others								23
Net changes of items other than stockholders' equity	(12,659)	(2,533)	(13,331)	(2,375)	(30,899)	760	3,112	(27,026)
Total changes during the year	(12,659)	(2,533)	(13,331)	(2,375)	(30,899)	760	3,112	190,584
Balance at the end of the year	10,296	(2,799)	(8,187)	(1,387)	(2,078)	1,904	68,927	2,723,141

(4) Consolidated Statements of Cash Flows

For the fiscal years ended March 31, 2019 and 2020

	Millions of yen	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	415,311	426,017
Depreciation and amortization	137,570	131,172
Increase (decrease) in net defined benefit liability	(126)	2,723
Loss (gain) on sales of investment securities	(78)	(7,774)
Increase (decrease) in allowance for doubtful accounts	(4,281)	(493)
Interest and dividend income	(14,989)	(18,166)
Interest expenses	746	749
Exchange (gain) loss	(2,060)	3,464
Equity in (earnings) losses of affiliates	(4,669)	(4,327)
(Increase) decrease in notes and accounts receivable	(8,697)	11,215
(Increase) decrease in inventories	(49,109)	(36,910)
(Increase) decrease in long-term advance payment	3,838	3,579
Increase (decrease) in notes and accounts payable	3,270	(3,892)
Other, net	29,675	(6,491)
Subtotal	506,400	500,865
Proceeds from interest and dividends	16,627	19,852
Payments of interest	(751)	(508)
Payments of income taxes	(121,589)	(107,824)
Net cash provided by operating activities	400,687	412,384
Cash flows from investing activities:		
Net (increase) decrease in time deposits	55,116	(127,525)
Net (increase) decrease in marketable securities	(1,169)	(1,063)
Purchases of property, plant and equipment	(226,768)	(268,365)
Purchases of intangible assets	(1,334)	(1,063)
Purchases of investments in securities	(2,563)	(6,520)
Proceeds from sales and redemption of investments in securities	434	12,606
Other, net	(5,269)	(2,615)
Net cash used for investing activities	(181,553)	(394,547)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(298)	1,265
Proceeds from long-term debt	51	8,384
Repayments of long-term debt	(227)	(743)
Purchases of treasury stock	(89,475)	(10,566)
Cash dividends paid	(74,655)	(87,410)
Other, net	66	(4,985)
Net cash used for financing activities	(164,538)	(94,055)
Effect of exchange rate changes on cash and cash equivalents	(7,917)	(7,001)
Net increase (decrease) in cash and cash equivalents	46,678	(83,220)
Cash and cash equivalents at beginning of year	780,449	828,345
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,217	-
Cash and cash equivalents at end of year	828,345	745,125

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Changes in Accounting Policies)

(Application of IFRS 16 Leases)

At overseas subsidiaries adopting IFRS, IFRS 16 Leases is applied from the first quarter of the fiscal year ended March 31, 2020. The impact of the application of this accounting standard on the consolidated financial statements is immaterial.

(Application of revised Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements and related Practical Solution)

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (revised on June 28, 2019) (PITF No. 18) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (revised on September 14, 2018) (PITF No. 24) are applied from the first quarter of the fiscal year ended March 31, 2020. The impact of the application of these practical solutions on the consolidated financial statements is immaterial.

(Segment Information)

1. Overview of Reportable Segments

The reportable segments in the Shin-Etsu Group are defined as individual units for which discrete financial information is available and that are subject to regular review to evaluate their results and allocate management resources by the highest decision-making body of the Company, such as the Managing Directors’ Meeting.

The Shin-Etsu Group conducts business through each business division and affiliated companies based on specific products and services, consisting of the following six segments: “PVC/Chlor-Alkali Business,” “Silicones Business,” “Specialty Chemicals Business,” “Semiconductor Silicon Business,” “Electronics & Functional Materials Business” and “Processing, Trading & Specialized Services Business.” Consequently, these six businesses are specified as reportable segments.

The main products and services of each segment are as follows:

Segment	Main products and services
PVC/Chlor-Alkali Business	Polyvinyl chloride, Caustic soda, Methanol, Chloromethane
Silicones Business	Silicones
Specialty Chemicals Business	Cellulose derivatives, Silicon metal, Polyvinyl alcohol, Synthetic pheromones, Vinyl Chloride-Vinyl Acetate Copolymer Resin
Semiconductor Silicon Business	Semiconductor silicon
Electronics & Functional Materials Business	Rare-earth magnets for electronics industry and general applications, Semiconductor encapsulating materials, Packaging materials for LEDs, Photoresists, Photomask blanks, Synthetic quartz products, Liquid fluoroelastomers, Pellicles
Processing, Trading & Specialized Services Business	Processed plastics, Export of plant equipment, Technology licensing, International trade, Engineering

2. Calculation of Sales, Income (Loss), Assets, Liabilities and Other Items of Reportable Segments

Segment income denotes operating income, and the accounting methods applied are based on the principles and procedures of the accounting treatment used to prepare the consolidated financial statements. Internal revenues and transfers arising from transactions among the segments are based on market prices in general, although transfers performed between segments at the same business site are calculated based on manufacturing cost.

Assets and liabilities are not allocated to business segments.

3. Information on Sales, Income (Loss), and Other Items of Reportable Segments

(1) For the fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

	Millions of yen						Total	Adjustment*	Figures in consolidated financial statements
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Processing, Trading & Specialized Services			
Sales to outside customers	484,322	226,872	114,796	387,631	225,111	104,791	1,543,525	-	1,543,525
Intersegment sales	3,396	6,985	21,126	30	8,380	150,539	190,458	(190,458)	-
Total	487,719	233,857	135,923	387,661	233,492	255,330	1,733,984	(190,458)	1,543,525
Segment income (Operating income)	92,187	61,490	27,717	143,298	68,540	14,824	408,059	(2,018)	406,041
Depreciation and amortization	34,205	16,249	11,481	43,435	20,872	5,320	131,564	(391)	131,172
Increase in property, plant and equipment and intangible assets	102,098	35,500	18,834	58,908	46,262	5,308	266,913	(1,894)	265,018

*Elimination of intersegment transactions

(2) For the fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

	Millions of yen						Total	Adjustment*	Figures in consolidated financial statements
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Processing, Trading & Specialized Services			
Sales to outside customers	524,270	233,383	121,143	380,349	226,098	108,790	1,594,036	-	1,594,036
Intersegment sales	3,564	7,103	21,132	48	8,588	115,585	156,022	(156,022)	-
Total	527,835	240,487	142,276	380,397	234,687	224,376	1,750,059	(156,022)	1,594,036
Segment income (Operating income)	106,521	58,546	26,603	131,998	66,993	13,296	403,959	(254)	403,705
Depreciation and amortization	32,899	14,604	10,659	53,780	20,791	5,171	137,906	(335)	137,570
Increase in property, plant and equipment and intangible assets	76,449	28,242	18,007	69,392	40,175	8,840	241,107	(489)	240,618

*Elimination of intersegment transactions

(Per Share Information)

	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Net assets per share (yen)	5,915.47	6,377.93
Basic earnings per share (yen)	725.99	755.17
Diluted earnings per share (yen)	725.92	755.01

(Note) Basic earnings per share and diluted earnings per share were calculated based on the following:

	Millions of yen	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Calculation of basic earnings per share		
Profit attributable to owners of parent	309,125	314,027
Amount not attributable to shareholders of common stock	-	-
Profit attributable to shareholders of common stock of parent	309,125	314,027
Weighted-average number of shares outstanding (thousands of shares)	425,797	415,838

Calculation of diluted earnings per share

Adjustments to net income attributable to owners of parent	(5)	(4)
[Adjustments of dilutive shares issued by subsidiaries]	[(5)]	[(4)]
Increase of common stock (thousands of shares)	34	78
[Share subscription rights included in the above (thousands of shares)]	[34]	[78]

	Number of share subscription rights	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
	2,345 ^[1]	
Potentially dilutive shares not included in the calculation of diluted earnings due to their anti-dilutive effect	(234,500)	-
	4,970 ^[2]	
	(497,000)	

^[1] Share subscription rights resolved in 2017 (The number of common stock)

^[2] Share subscription rights resolved in 2018 (The number of common stock)

(Major Subsequent Events)

Not applicable

(Appendix)

1. Quarterly Operating Results

(Billions of yen)

	FY 2019 April 1, 2018 - March 31, 2019					FY 2020 April 1, 2019 - March 31, 2020				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	383.6	408.0	415.1	387.1	1,594.0	386.2	400.3	387.4	369.5	1,543.5
PVC / Chlor-Alkali	123.1	138.7	137.4	124.9	524.2	122.8	130.3	119.6	111.5	484.3
Silicones	55.6	58.2	59.8	59.6	233.3	56.3	58.4	57.3	54.7	226.8
Specialty Chemicals	30.5	29.2	32.5	28.8	121.1	28.9	29.3	29.2	27.3	114.7
Semiconductor Silicon	90.9	96.4	98.1	94.7	380.3	99.0	97.4	99.2	91.8	387.6
Electronics & Functional Materials	56.0	58.8	57.7	53.4	226.0	54.7	56.6	56.4	57.1	225.1
Processing, Trading & Specialized Services	27.2	26.5	29.4	25.5	108.7	24.2	28.0	25.5	26.8	104.7
Operating Income	95.4	113.8	115.3	79.0	403.7	107.5	103.0	108.2	87.3	406.0
PVC / Chlor-Alkali	26.3	33.3	31.2	15.5	106.5	25.3	26.3	25.5	14.9	92.1
Silicones	13.5	15.5	16.7	12.7	58.5	15.9	15.1	15.9	14.4	61.4
Specialty Chemicals	6.8	6.6	7.5	5.6	26.6	7.5	6.3	7.4	6.3	27.7
Semiconductor Silicon	30.0	36.6	37.3	28.0	131.9	39.4	35.0	37.6	31.1	143.2
Electronics & Functional Materials	16.0	18.1	18.3	14.5	66.9	16.6	16.7	18.1	17.0	68.5
Processing, Trading & Specialized Services	3.0	3.4	4.0	2.7	13.2	3.5	3.6	3.7	3.7	14.8
Ordinary Income	99.4	117.6	112.2	85.9	415.3	108.9	109.3	112.0	88.0	418.2
Net Income Attributable to Owners of Parent	73.7	85.0	83.3	66.9	309.1	84.0	80.9	81.8	67.1	314.0
Depreciation and Amortization	29.0	32.8	35.4	40.2	137.5	31.6	33.7	31.7	34.1	131.1
Capital Expenditures	44.9	52.8	66.1	76.8	240.6	56.3	60.5	62.2	85.8	265.0
R&D Costs	13.7	13.0	14.5	15.0	56.4	12.9	11.8	11.4	12.3	48.5
Overseas Sales	278.7	302.2	306.8	293.0	1,180.8	280.9	295.8	283.5	268.1	1,128.4
Ratio of Overseas Sales to Net Sales	73%	74%	74%	76%	74%	73%	74%	73%	73%	73%

2. Operating Performance of Shintech Inc.

	2018 January - December		2019 January - December		Year-on-year change (US\$ basis)	Year-on-year change (Yen basis)
	Millions of US\$	Billions of yen	Millions of US\$	Billions of yen		
Net Sales	3,362	371.2	3,151	343.6	(6.3%)	(7.4%)
Ordinary Income	845	93.3	676	73.7	(20.0%)	(21.0%)
Net Income	678	74.8	546	59.5	(19.5%)	(20.5%)
Net Assets	5,992	665.1	6,493	711.4		
Total Assets	7,053	782.9	7,618	834.6		

Exchange Rate Jan-Dec(Average)	110.4Yen/US\$	109.1Yen/US\$
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3. Capital Expenditures and Depreciation and Amortization

(Billions of yen)

	Fiscal year 18/4 - 19/3	Fiscal year 19/4 - 20/3
Capital Expenditures	240.6	265.0
PVC/Chlor- Alkali Business	76.4	102.0
Silicones Business	28.2	35.5
Specialty Chemicals Business	18.0	18.8
Semiconductor Silicon Business	69.3	58.9
Electronics & Functional Materials Business	40.1	46.2
Processing, Trading & Specialized Services Business	8.8	5.3
Depreciation and Amortization	137.5	131.1
PVC/Chlor- Alkali Business	32.8	34.2
Silicones Business	14.6	16.2
Specialty Chemicals Business	10.6	11.4
Semiconductor Silicon Business	53.7	43.4
Electronics & Functional Materials Business	20.7	20.8
Processing, Trading & Specialized Services Business	5.1	5.3

4. Other Financial Items (Consolidated)

(Billions of yen)

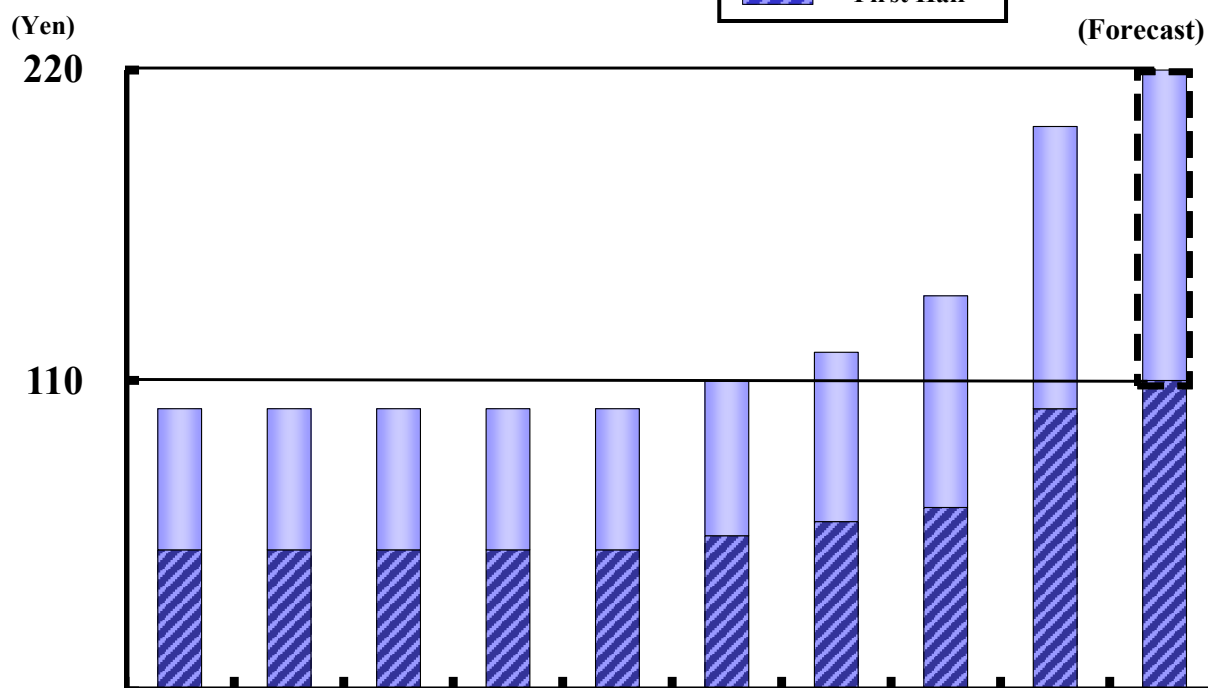
	Mar 31 2019	Mar 31 2020
Net Assets	2,532.5	2,723.1
Total Assets	3,038.7	3,230.4
Net Assets per Share (Yen)	5,915	6,378
Interest-bearing Liabilities	14.6	23.4
Number of Employees	21,735	22,783

5. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2019	Mar 31 2020	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2019	Mar 31 2020	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	1,750.4	1,824.5	74.1	(9.2)	83.3	Current Liabilities	391.8	377.7	(14.1)	(1.8)	(12.3)
Cash and time deposits	826.6	836.4	9.8	(5.8)	15.6	Notes and accounts payable-trade	141.0	136.4	(4.6)	(0.7)	(3.9)
Notes and accounts receivable-trade	338.7	325.4	(13.3)	(1.9)	(11.4)	Short-term borrowings	7.0	8.2	1.2	(0.1)	1.3
Securities	215.4	251.3	35.9	0.0	35.9	Accrued income taxes	45.7	44.3	(1.4)	(0.1)	(1.3)
Inventories	329.4	365.6	36.2	(1.3)	37.5	Other	198.0	188.6	(9.4)	(0.9)	(8.5)
Other	40.1	45.5	5.4	(0.2)	5.6	Long-term Liabilities	114.3	129.5	15.2	(1.6)	16.8
						Total Liabilities	506.1	507.3	1.2	(3.4)	4.6
Fixed Assets	1,288.2	1,405.9	117.7	(7.5)	125.2	Stockholders' Equity	2,436.7	2,654.3	217.6	0.0	217.6
Property, Plant and Equipment	987.9	1,119.9	132.0	(6.7)	138.7	Accumulated Other Comprehensive Income	28.8	(2.0)	(30.8)	(12.8)	(18.0)
Intangible Assets	8.7	10.0	1.3	(0.2)	1.5	Other	66.9	70.8	3.9	(0.5)	4.4
Investments and Other Assets	291.5	275.9	(15.6)	(0.6)	(15.0)	Total Net Assets	2,532.5	2,723.1	190.6	(13.3)	203.9
Total Assets	3,038.7	3,230.4	191.7	(16.7)	208.4	Total Liabilities and Net Assets	3,038.7	3,230.4	191.7	(16.7)	208.4

6. Cash Dividends per Share



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

7. Sales by Region

(Billions of yen)

	Japan	Overseas						Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas	Total	
				China				
Fiscal year 18/4 - 19/3	26%	22%	33%	10%	12%	7%	74%	1,594.0
	413.1	356.3	531.1	152.8	182.7	110.6	1,180.8	
Fiscal year 19/4 - 20/3	27%	22%	33%	10%	11%	7%	73%	1,543.5
	415.0	335.3	519.9	156.0	165.3	107.8	1,128.4	

Note: % indicates the proportion of total consolidated net sales

8. Assets by Segments

(Billions of yen)

	PVC/ Chlor-Alkali Business	Silicones Business	Speciality Chemicals Business	Semiconductor Silicon Business	Electronics & Functional Materials Business	Processing, Trading & Specialized Services Business	Corporate assets	Consolidated total
March 31 2019	879.4	282.0	174.3	827.3	294.7	160.4	420.3	3,038.7
March 31 2020	940.4	308.8	184.4	897.4	314.3	165.1	419.8	3,230.4

Note: These amounts were prepared on an informal basis.

9. 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			
2018	Jan-Mar	108. 3	108. 7		110. 4		133. 2	131. 6		130. 4		
	Apr-Jun	109. 1				130. 1						
	Jul-Sep	111. 5	112. 2	110. 3		110. 9	129. 6	129. 2	129. 8		128. 4	
	Oct-Dec	112. 9					128. 8					
2019	Jan-Mar	110. 2	110. 1	111. 6	109. 1		125. 1	124. 3	127. 0	122. 1		120. 8
	Apr-Jun	109. 9		108. 6			123. 5		121. 4			
	Jul-Sep	107. 4	108. 1			119. 3	119. 8	120. 2				
	Oct-Dec	108. 8		120. 3								
2020	Jan-Mar	108. 9		108. 8		120. 1						

Exchange rate as of	Dec 31, 2018	111.00	Mar 31, 2019	110.99	Dec 31, 2018	127.00	Mar 31, 2019	124.56
	Dec 31, 2019	109.56	Mar 31, 2020	108.83	Dec 31, 2019	122.54	Mar 31, 2020	119.55

*An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

10. Topics (Apr. 2019 – Mar. 2020)

- Oct. 2019** Shin-Etsu Chemical has concluded patent licensing agreement for the manufacturing of solar cells.
- Dec. 2019** Shin-Etsu Chemical launched newly developed advanced materials for 5G-related products.
- Jan. 2020** Shin-Etsu Chemical shifted into high gear in the development of gallium nitride substrates and related products.
- Feb. 2020** Shin-Etsu Chemical has started marketing newly developed materials for MicroLED displays

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

11. Capital Investments

★: complete ☆: completion schedule

Company	Projects	Investment Amount	2018		2019		2020		2021	
			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 (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				*2 ★			*3 ☆	
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			*4 ★		*5 ☆			

*1 Starting up gradually *2 Naoetsu *3 Takefu *4 Kashima and Hubei *5 Jiangsu

4. Notice Regarding Change on the Board of Directors (effective as of June 26, 2020)

- **New Candidate for Director**

Director (Outside Director): Kuniharu Nakamura

(presently Chairman of the Board of Directors, Sumitomo Corporation)