Chairman’s Message

We are striving to enhance our corporate value by leveraging the capabilities the Shin-Etsu Group has built up to now.

I would like to express my deepest gratitude to our customers, as well as to our shareholders, suppliers and the local communities hosting us for your support and cooperation.

The fiscal year 2019 posed a severe challenge with the global economic slowdown. Despite this, the Shin-Etsu Group achieved record high earnings thanks to its unremitting management efforts.

Shintech, a core of the Group’s PVC business, completed the work to build an ethylene plant in February 2020, and it has now started operations. This has further reinforced Shintech’s fully integrated production plant that starts from raw materials. As the world’s largest merchant supplier of PVC, we will further enhance our foundation for achieving greater stability in supplying our products to customers in coming years.

Shintech started operations in October 1974 in Freeport, Texas. Since then, it has steadily captured the global PVC demand, and grown through repeated large-scale expansions to the facilities located there. Following the completion of a series of expansions in Freeport in 1997, the company recognized the need for a new production base and decided to act accordingly. The decision was to disperse the manufacturing bases so that we can reliably fulfill our supply responsibility to customers even in the event of natural disasters or other unavoidable circumstances.

As the first phase toward this goal, Shintech started PVC production in Addis, Louisiana in December 2000. Following this, the company worked on plans for an integrated production project starting from raw materials, with the aim of achieving further growth. Vast stretches of land were required to achieve this project, and after surveying several possible locations in the U.S., Shintech found an industrial site in Plaquemine, Louisiana that was ideal for both railway and waterway transport. In July 2008, at this location, Shintech started integrated production from chlorine, one of the main raw materials for PVC. The site in Plaquemine underwent two large-scale expansions after this, and Shintech’s production capacity has now reached as much as three million tons annually.

This February, Shintech started in Plaquemine the production of ethylene, which is another major raw material used for PVC. Thus this step has marked the completion of Shintech’s plans for achieving a fully integrated production system starting from raw materials. Of course, Shintech’s journey does not end here. The company is currently proceeding with subsequent major expansions to achieve further development, which it seeks to finish by the end of 2020.

Currently, the global economy is severely impacted by the spread of Covid-19. The economic impact of the pandemic may well have surpassed the global financial crisis in 2008, and it is said that we are facing the challenging crisis. Looking at the company’s history, one can see that we have applied our management capabilities to overcome many crises in the past and have ultimately succeeded in achieving further growth. These achievements have only been possible through the strengths that we have cultivated in the following areas within the Shin-Etsu Group:

- Avoiding over-reliance on a single product or customer; instead, focusing our efforts to strengthen our core businesses in PVC, semiconductor silicon and silicones, as well as all of our other businesses.
- Building solid financial foundations so that we can make timely and appropriate capital expenditures and R&D investments with our own funds.
- Continuously pursuing technological innovation and improving productivity so as to develop a strong, resilient company that can overcome depressions.
- Ensuring that management and employees work together towards the shared goal of sustainable growth.

As we look ahead, we will continuously strive to enhance our corporate value. More than ever, we sincerely request your understanding and support.

Chairman
Chihiro Kanagawa