



Shin-Etsu Chemical Co., Ltd.

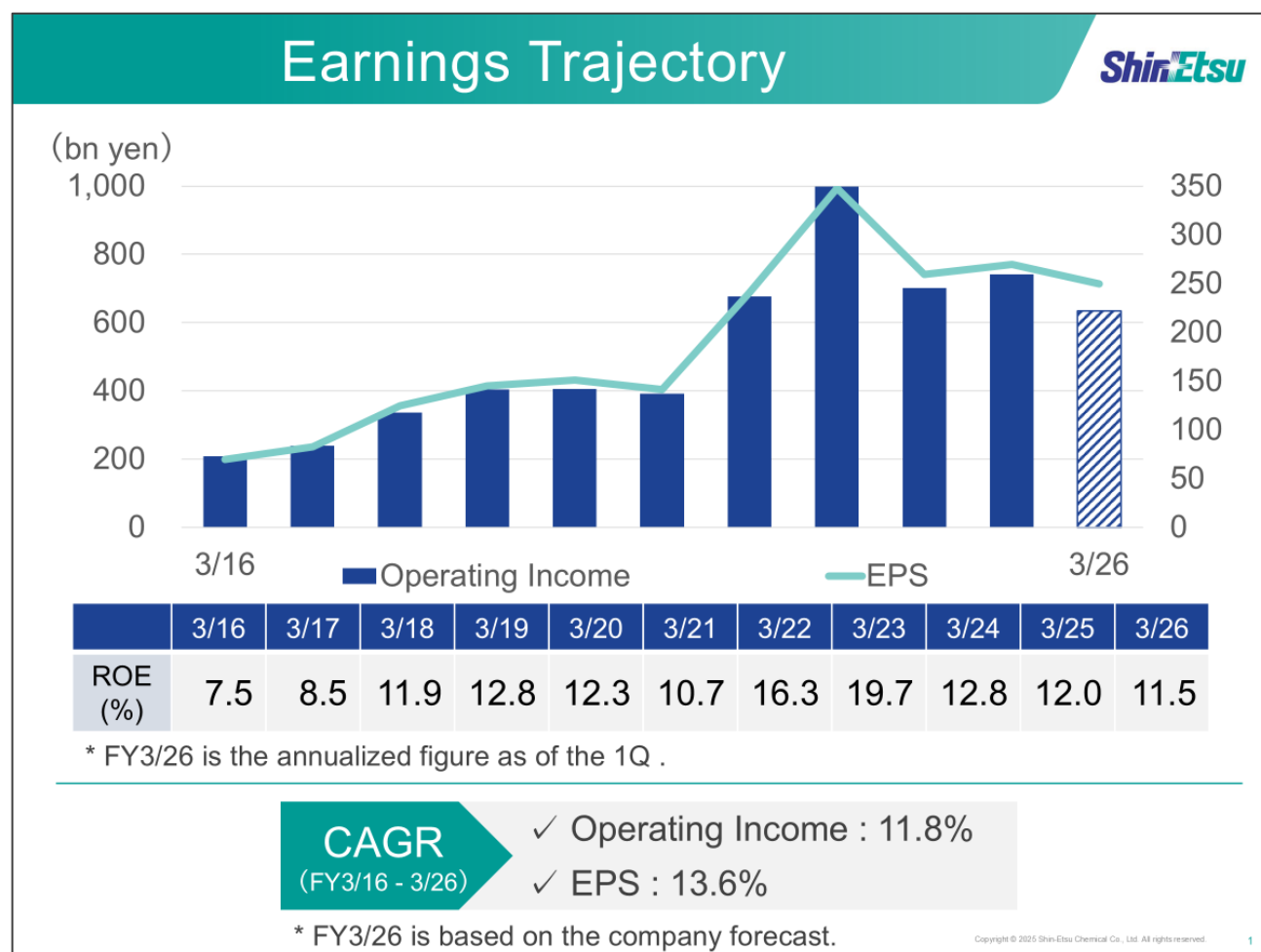
BofA Securities Japan Conference 2025

Presentation Transcript

September 2, 2025 15:00–15:50

Attendee : Yasuhiko Saitoh, Representative Director – President

* This memo is a summary of the presentation.

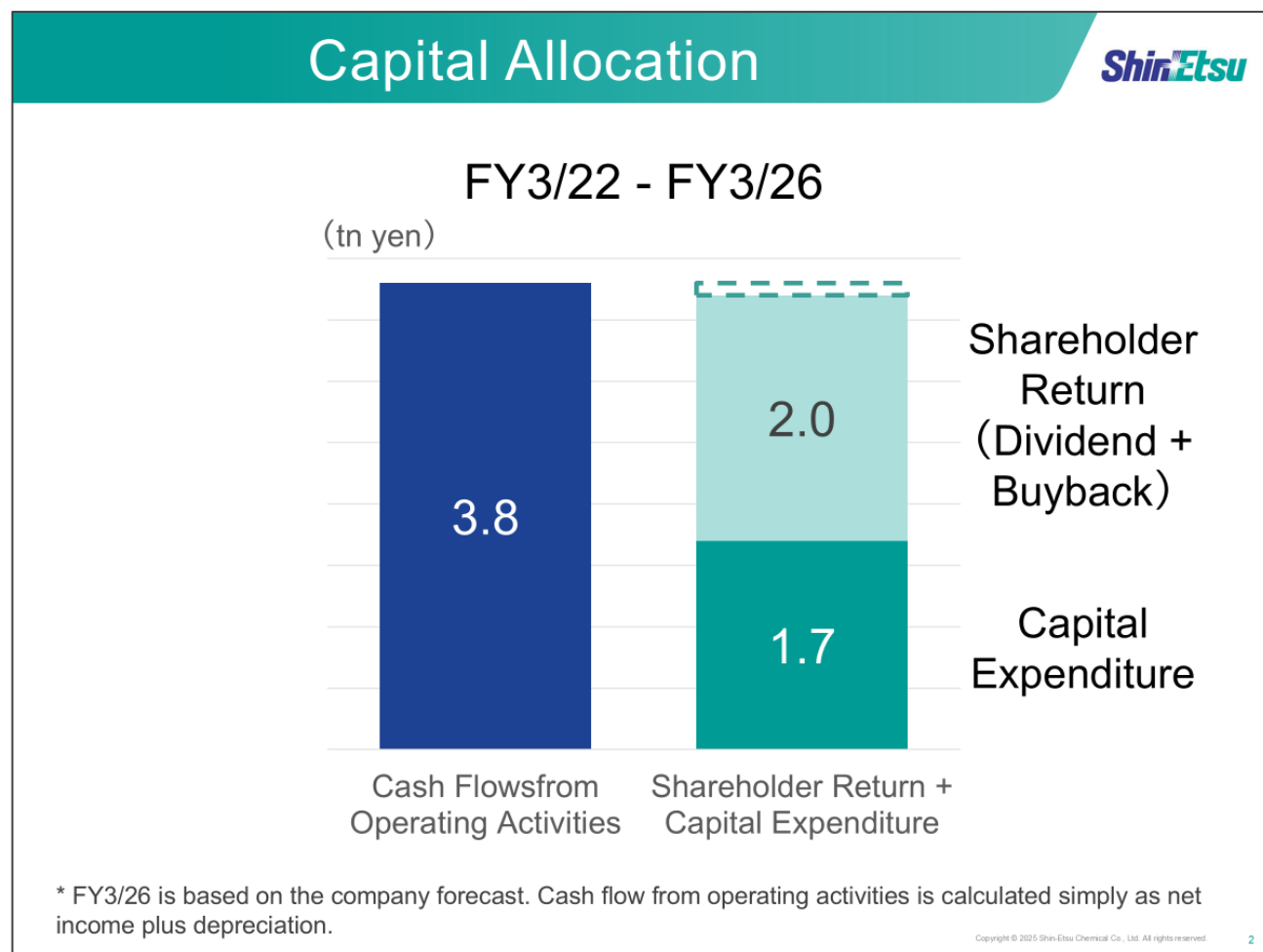


Saitoh (President) :

Given the earnings growth we have achieved thus far, our task is to extend the path and raise ROE.

With respect to this fiscal year, though we do not break it down to the segments, I

pretty much laid it out at the earnings call in July. The decline in operating income is expected to be entirely attributable to the Infrastructure Materials segment. I will walk you through what we see and what we do by segment later.

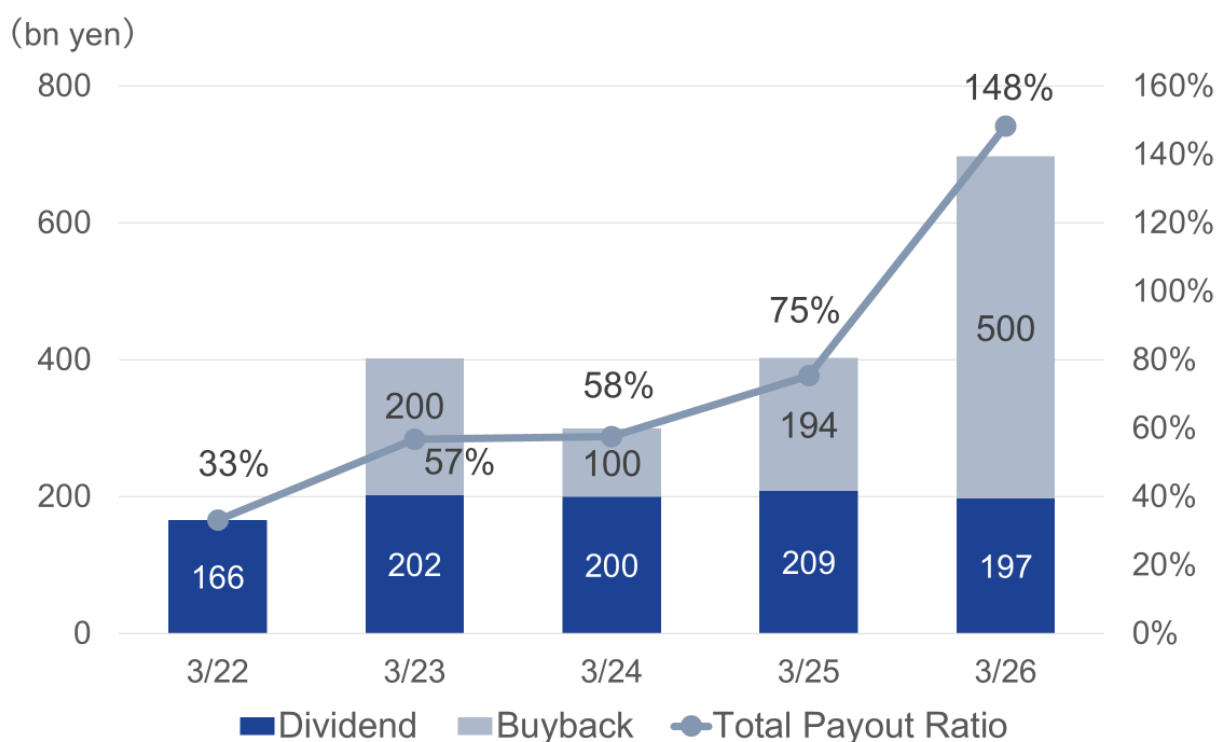


Saitoh (President) :

Over the past 5-year period, we generated cash in the amount of 3.8 trillion yen, and deployed 1.7 trillion in capital investments and returned the harvest to shareholders as much as 2.0 trillion.

Shareholders Remuneration

ShinEtsu



* FY3/26 is based on the company forecast.

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Saitoh (President) :

Here is a yearly allocation for the same 5-year period. Looking at it, some may think that we lean toward share buyback. That is not necessarily the case. As we appreciate shareholders' long-term holding, we regard dividend as primary vehicle. We have been raising dividends at a steady rate over time. We use the other vehicle i.e. buyback when it makes sense.

[Status by Segment]

【Infrastructure Materials】

The demand for PVC and PVC products, and caustic soda is fine. The demand will continue to grow and expand. What we are dealing with is an issue on the supply side of the international market. I myself do not think that it is cyclical one. It is more dynamic than that. The supply side will be restructured, which is actually a good development. We have already seen it upstream in Europe, Korea and Japan. It will have a cascade effect from upstream to downstream. As far as we know, there have been three announcements about closure of vinyl assets in Europe thus far this year. We keep an eye on how things will develop in China.

In the meantime, we will fully utilize our advanced fleet of production capacities, global market coverage and multi-facet customer relationships to differentiate ourselves.

【Electronics Materials】

When it comes to wafers, people tend to pay too much attention to wafer inventories. The demand for wafers keeps growing. It is not only growing in quantity but also diversifying. We can compete in the volume space, but we place emphasis on diversification and new applications. Bonding, stacking, silicon photonics, to name a few.

As for lithography products, we are extremely busy. A number of opportunities are in front of us. The construction of our new facility is on schedule. We are working on the next phase.

The rare earth and rare earth magnets are talk of the town. It presents a once in a lifetime type opportunity to us. We have technologies, expertise and experiences. With the leverages, we are doing a number of things, but we do so quietly for a good reason.

【Functional Materials】

The name of the game here is to move product mix upward as fast as we can. With

respect to silicone, we maintain our integration so that we can upgrade our product mix competitively. As for cellulose, we are expanding our pharmaceutical line of business.

Throughout our Electronics Materials and Functional Materials business segments, one of the themes we are pursuing is solutions for energy efficiency and thermal management. Of course, we are working on development of other things.

(End)