



May 10, 2023

To Whom It May Concern

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**Notice on Formulation of Shin-Etsu Polymer Medium-Term Management Plan,  
“Shin-Etsu Polymer Global & Growth 2027”**

Shin-Etsu Polymer Co., Ltd. (the “Company”) has formulated the Shin-Etsu Polymer Group (the “Group”) medium-term management plan, “Shin-Etsu Polymer Global & Growth,” which will end in the fiscal year 2027 (fiscal year ending March 31, 2028).

Under the plan, the Group will strive to respond appropriately to sweeping changes in the business environment, further strengthen the trust it enjoys with all stakeholders, and achieve the corporate mission statement of the Group, “Contribute to the development of society and industry through technologies and products; A company that continues to grow with society.”

(Millions of Yen)

		Actual FY2022	Estimate FY2023	Plan FY2027
Net sales		108,278	111,000	150,000
Ordinary profit		12,986	13,000	20,000
ROE (%)		8.6%	-	Just over 10%
Payout ratio (%)		36%	39.6%	~50%
Exchange rates	USD/JPY	131.4	130	130
	EUR/JPY	138.0	140	140

For more details, please see the attached file “Medium-term Management Plan: SEP G&G 2027.”

(Note) The plan for operating results, etc. above are based on information available on the date of the announcement of these materials and are not the commitment made by the Company. Actual results may vary from these plan due to various factors.



**Shin-Etsu Polymer Co., Ltd.**

**Listing code: 7970**

# **Medium-term Management Plan**

## **“Shin-Etsu Polymer Global & Growth 2027” (SEP G&G 2027)**

**May 10, 2023**

- 1. Overview of  
Medium-term Management Plan**
- 2. Business Strategy**
- 3. Financial and Non-Financial Strategy**

# 1. Overview of Medium-term Management Plan

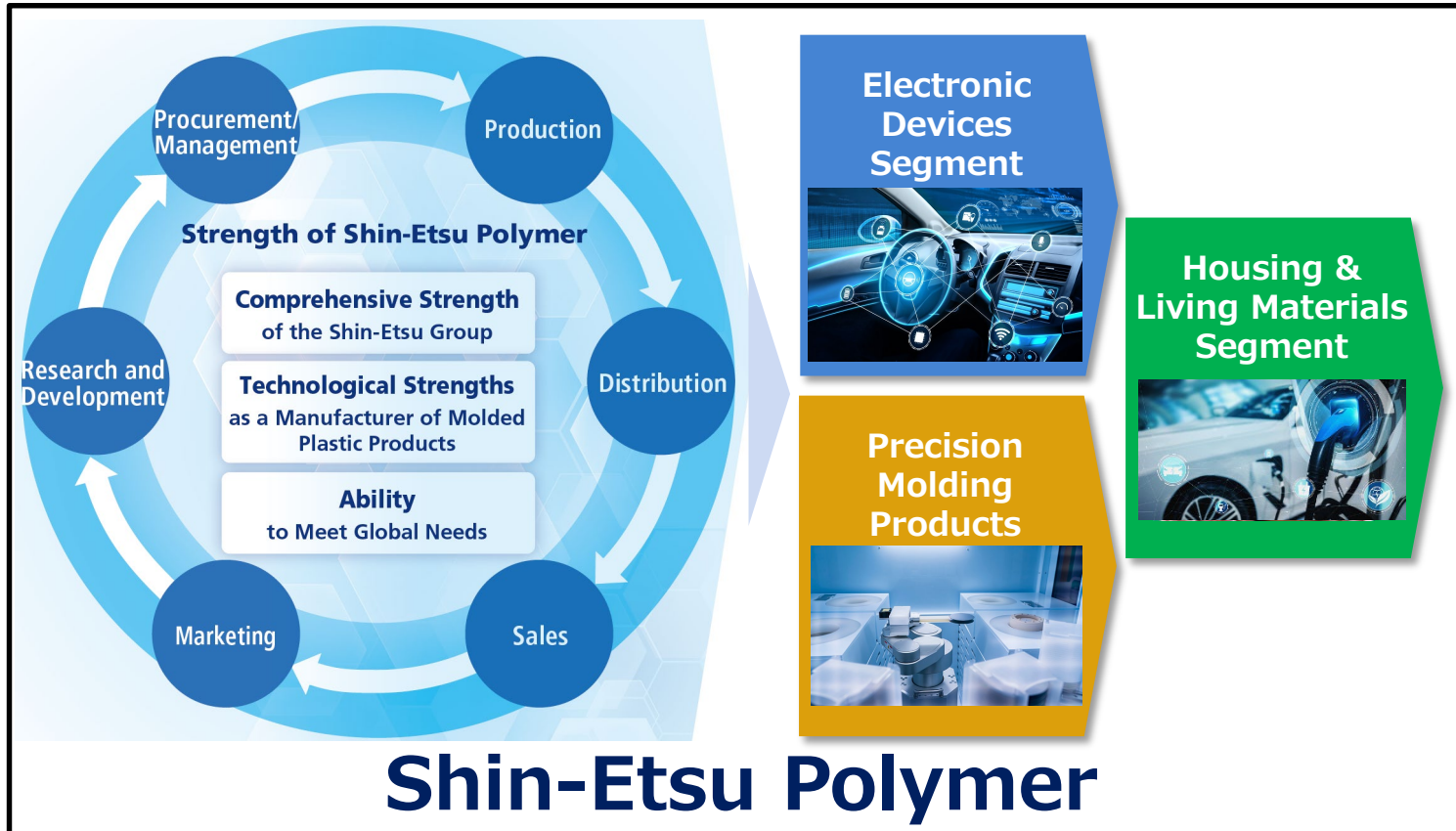


# Shin-Etsu Polymer's Vision

## Business Activities

## Outputs (Products and Services)

## Vision



Contribute to the development of society and industry through technologies and products

An environmentally-conscious company that keeps growing with society

Medium-term Management Plan  
Shin-Etsu Polymer Global & Growth 2027

# Overview of Medium-term Management Plan

## Business Strategy

- Strengthen sales capability and improve productivity in Base Areas
- Capture new demand in Growth Areas
- Expand the overseas sales ratio

## Financial and Non-Financial Strategy

- Focus on investments in Growth Areas
- Increase Shareholders return
- Strengthen ESG initiatives

## [Goals in the FY2027]

Net sales 150 Billion Yen

Ordinary profit 20 Billion Yen\*

ROE : Just over 10%

Payout ratio: ~50%

\*1: Ordinary profit and Operating profit are expected to be on the same level.

# Performance goals in the Medium-Term Management Plan

(Millions of Yen)

	<b>FY2022 (Actual)</b>	<b>FY2023 (Estimate)</b>	<b>FY20277 (Plan)</b>
<b>Net sales</b>	<b>108,278</b>	<b>111,000</b>	<b>150,000</b>
<b>Ordinary profit*1</b>	<b>12,986</b>	<b>13,000</b>	<b>20,000</b>
<b>ROE (%)</b>	<b>8.6%</b>	<b>-</b>	<b>Just over 10%</b>
<b>Payout ratio (%)</b>	<b>36%</b>	<b>39.6%</b>	<b>~50%</b>

## Premise

(Yen)

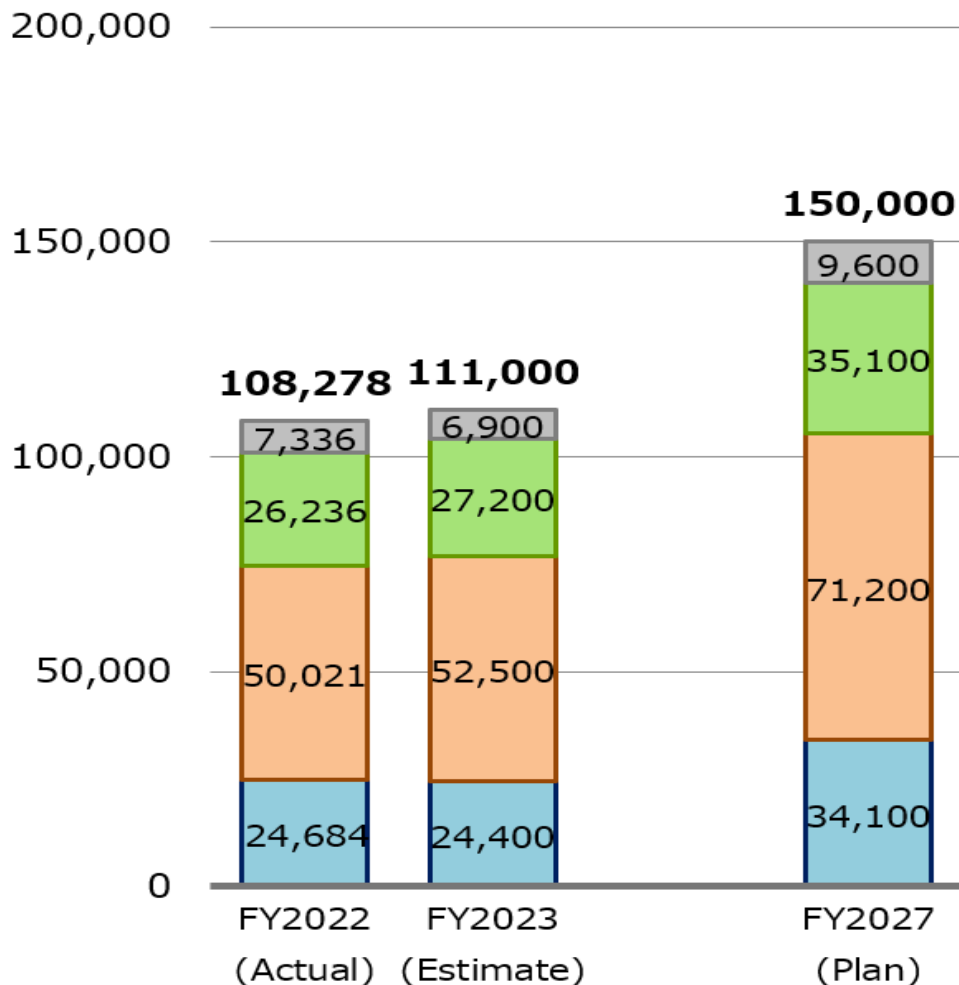
<b>Exchange rate*2</b>	<b>USD/JPY</b>	<b>131.4</b>	<b>130</b>	<b>130</b>
	<b>EUR/JPY</b>	<b>138.0</b>	<b>140</b>	<b>140</b>

\*1: Ordinary profit and Operating profit are expected to be on the same level.

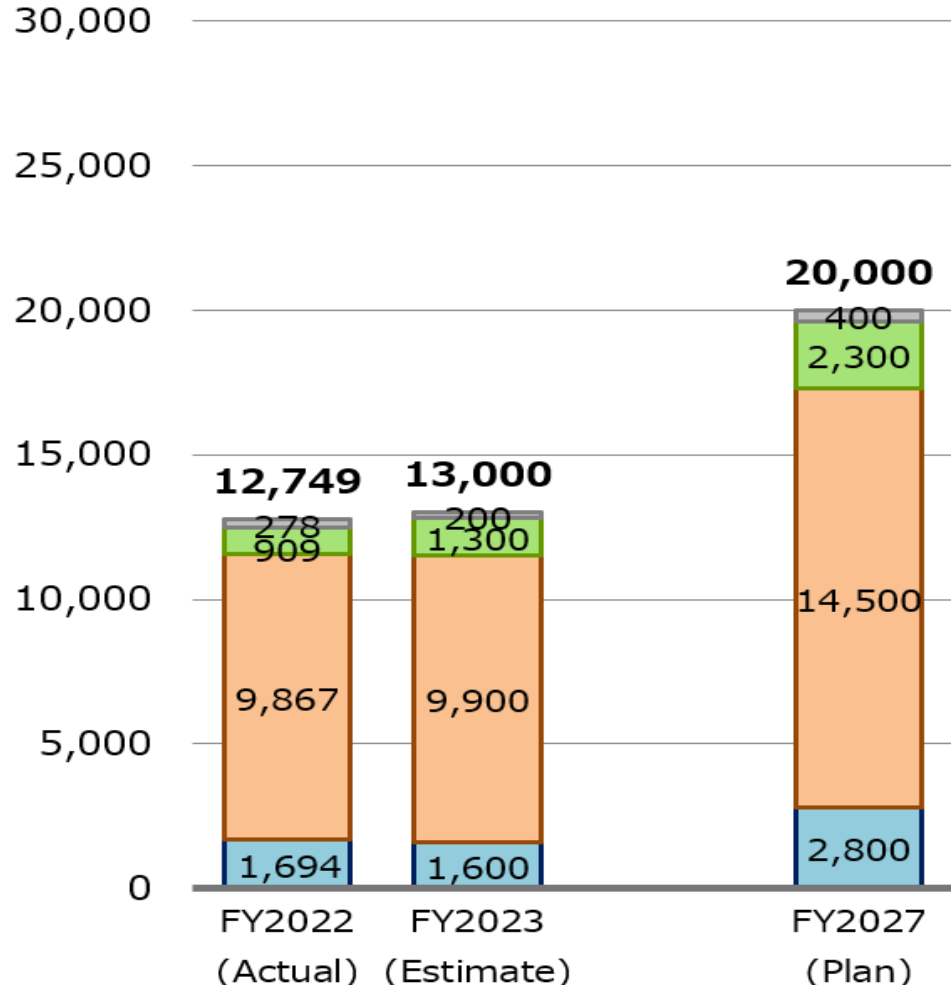
\*2: Average exchange rates for results are used for the consolidation of profits and losses posted by overseas subsidiaries.

# Performance Targets by Segment

## Net sales (Millions of Yen)



## Operating profit (Millions of Yen)



■ Electronic Devices     
 ■ Precision Molding Products  
■ Housing & Living Materials     
 ■ Others

■ Electronic Devices     
 ■ Precision Molding Products  
■ Housing & Living Materials     
 ■ Others



# 2. Business Strategy

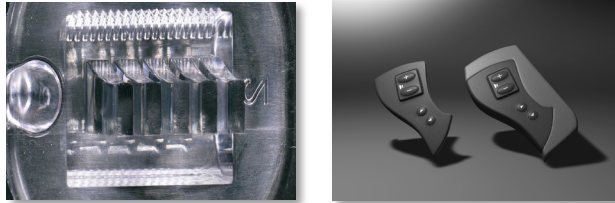


# Growth Strategy for Shin-Etsu Polymer's Entire Business Portfolio

## Products

## Areas for Business and Profit growth

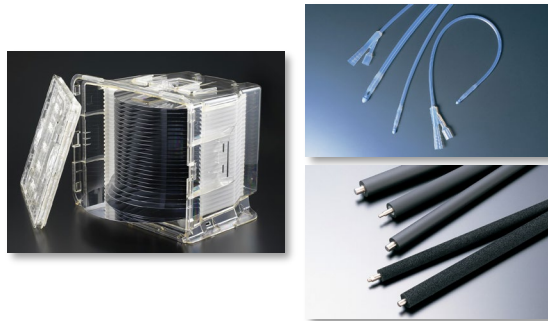
### Electronic Devices Segment



[Base Area] Input Devices

[Growth Area] EV-related Products

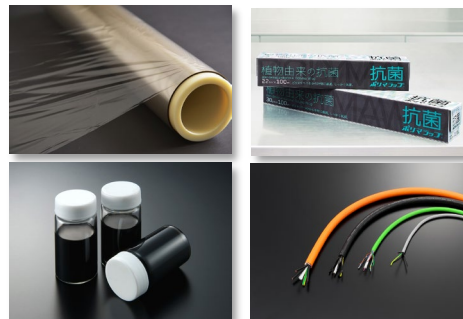
### Precision Molding Products Segment



[Base Area] OA Rollers

[Growth Area] Semiconductor-related Products and Medical-related Products

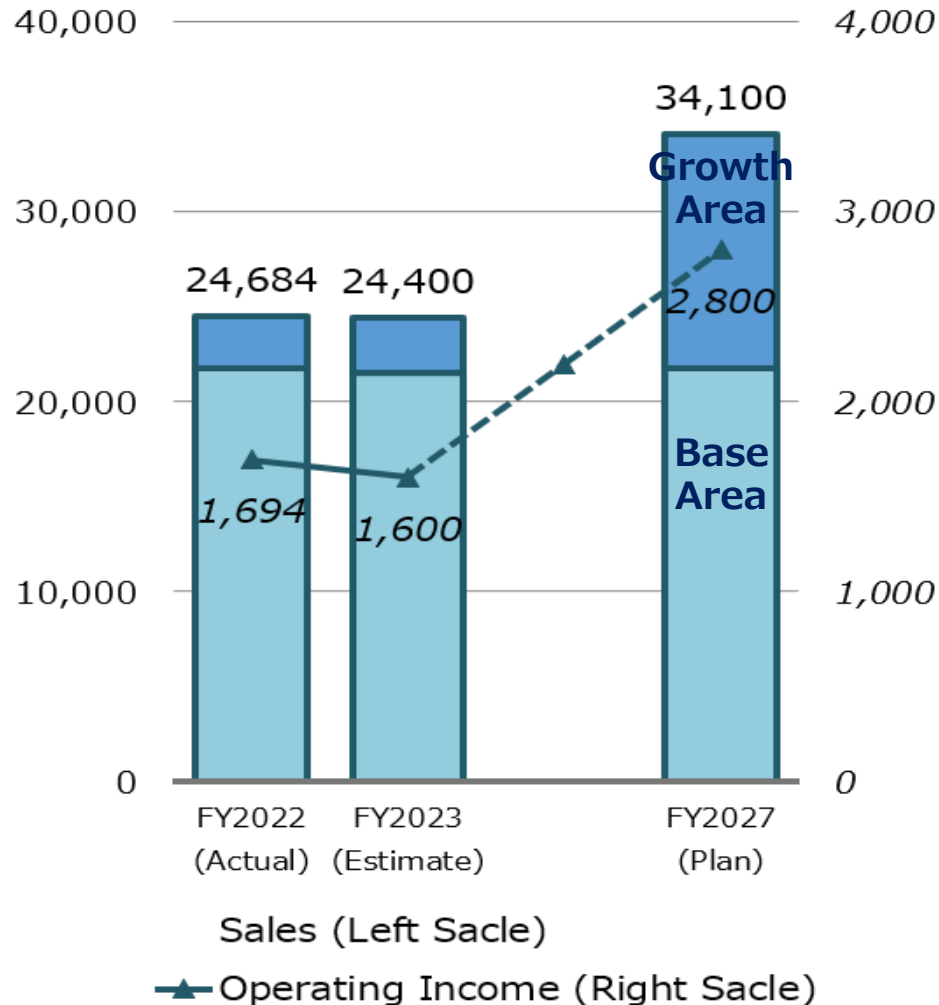
### Housing & Living Materials Segment



[Base Area] Packing materials and Compounds

[Growth Area] Functional Materials

## Net Sales & Operating Profit (Millions of Yen)



## Strategies / Priority measures

### Base Area

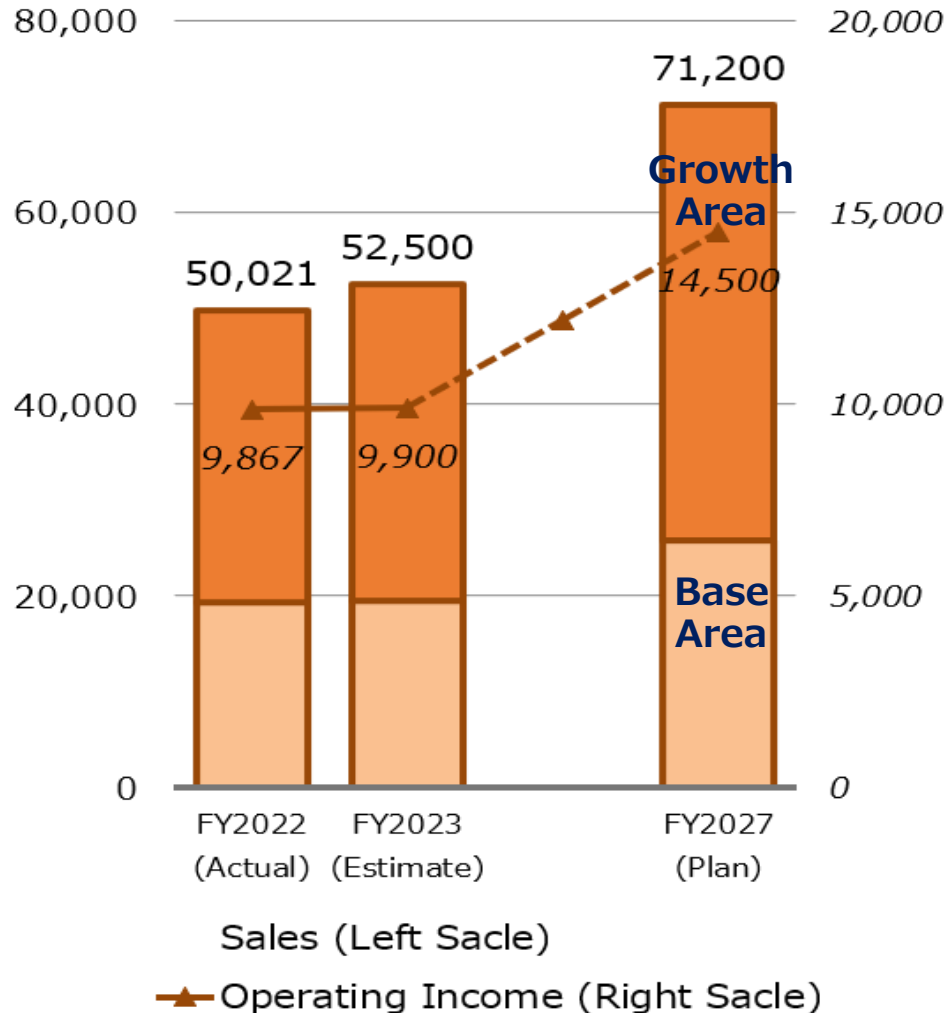
- Continued to maintain and increase the market share of input devices with a focus on automotive applications such as key switches and capacitive touch switches.

### Growth Area

- Capture demand for in-vehicle devices for carbon neutrality-oriented EV and self-driving.



## Net Sales & Operating Profit (Millions of Yen)



## Strategies / Priority measures

### Base Area

- Increase earnings from OA components by silicone compounding and foaming techniques and increasing such components' market share.

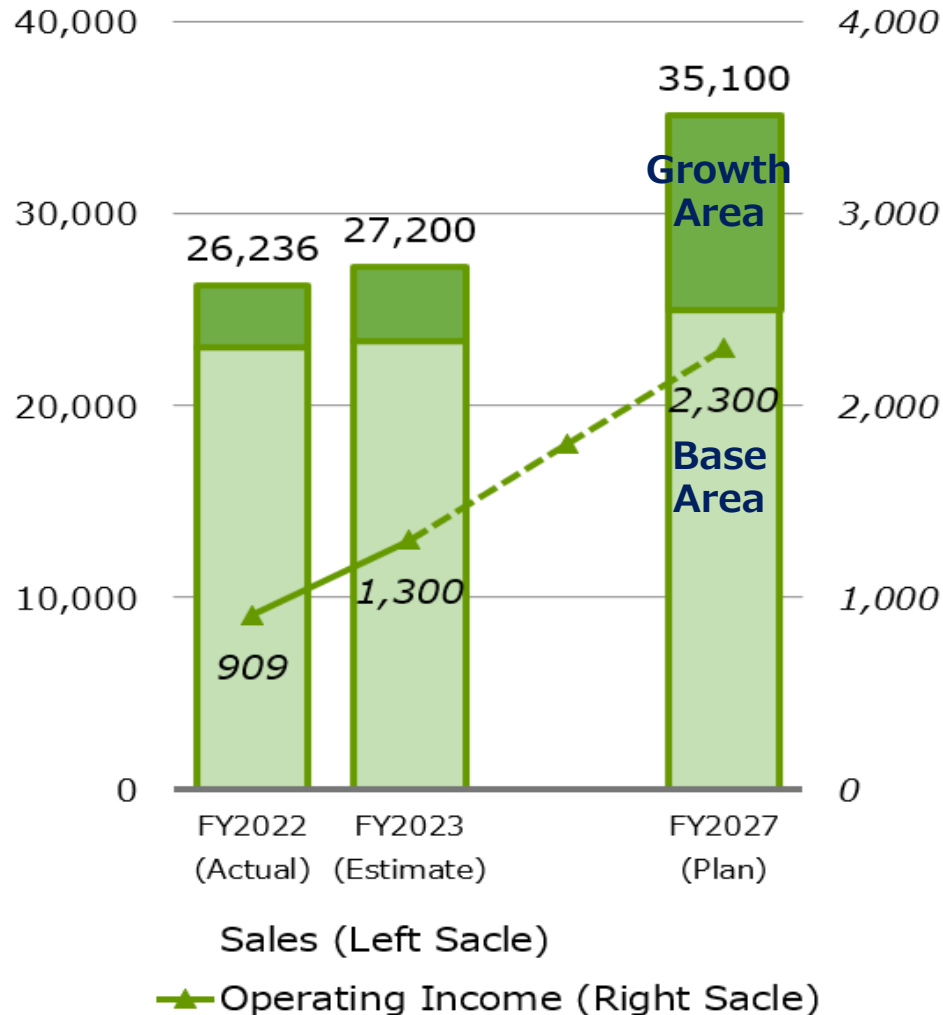
### Growth Area

- Provide semiconductor-related products used in advanced semiconductors and power devices that contribute to the enhancement of communication networks and the creation of virtual spaces.



- Boost in sales of extrusion technology-based components for medical equipment and pharmaceuticals that support advanced medical services.

## Net Sales & Operating Profit (Millions of Yen)



## Strategies / Priority measures

### Base Areas

- Increase the market share of Packing Materials by compounding techniques and offering unique products of antibacterial types and color types.
- Increase the market share of Functional Compounds for automotive applications and cable coatings by unique functional materials.



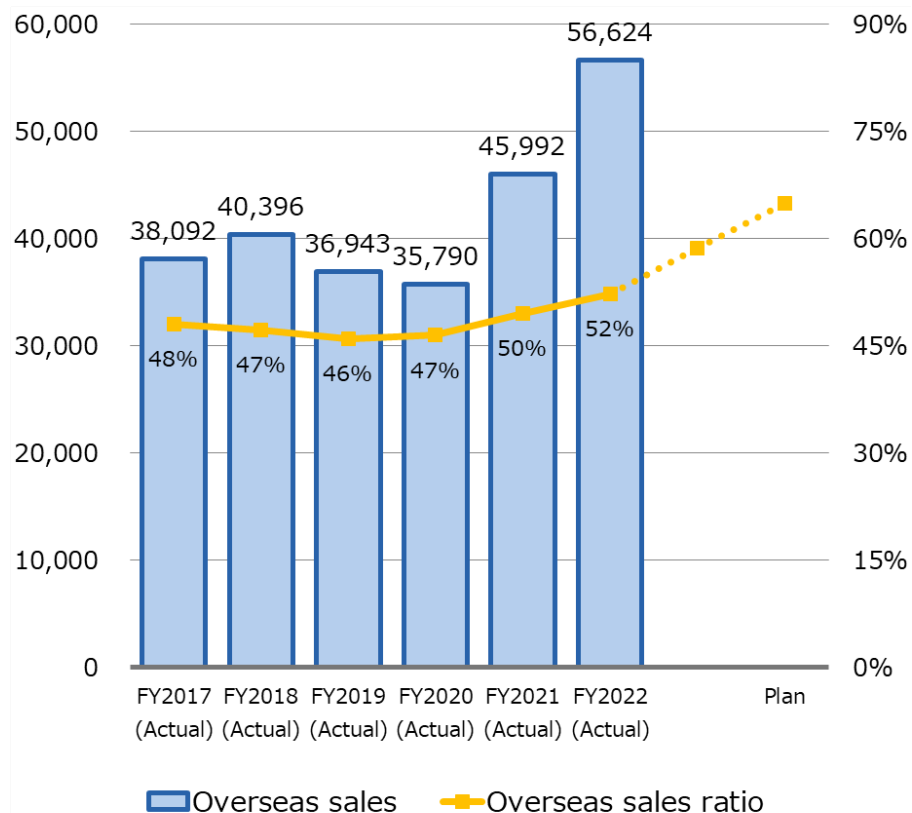
### Growth Area

- Enhance the lineup of Functional Materials that the Thermal Control Products for battery management and Functional Materials for the electronic components in conjunction with power management, respectively.

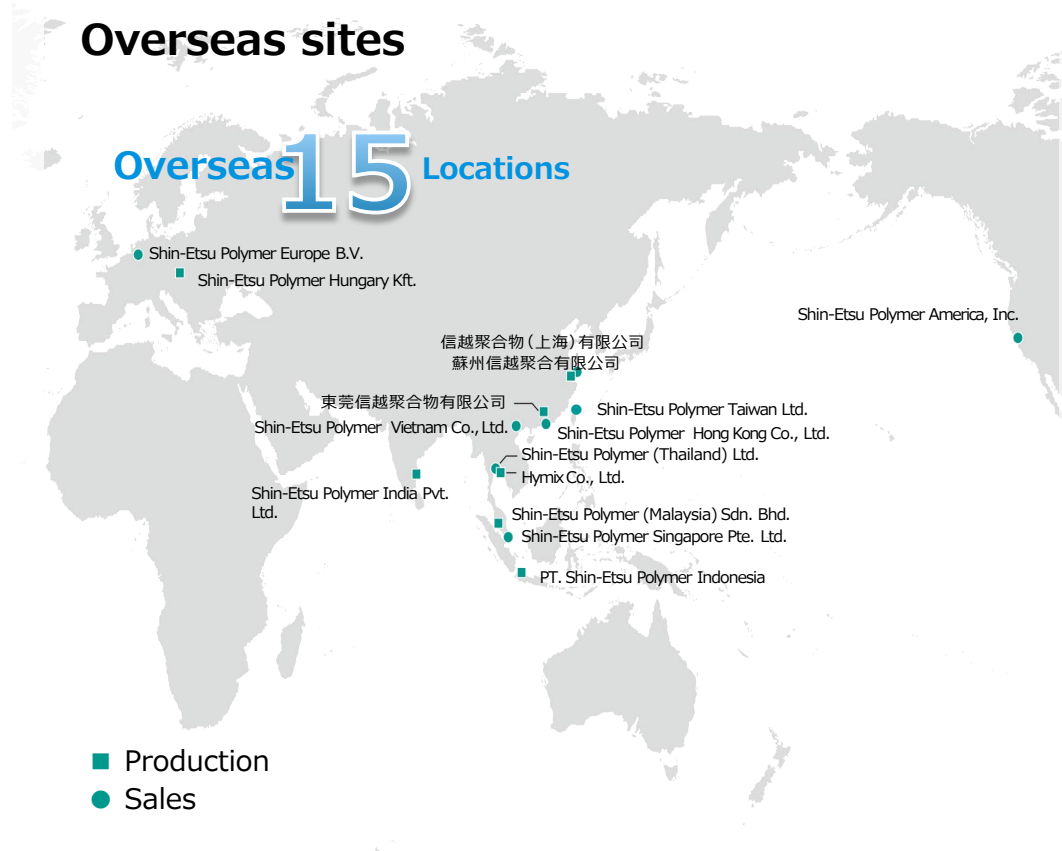
# Overseas Sales / Overseas Business Sites

Overseas markets are growing and important. We aim to increase the overseas sales ratio to 60% or higher by continuously enhancing overseas sales and manufacturing sites.

## Total amount and ratio of overseas sales (Millions of Yen)



## Overseas sites



# 3. Financial & Nonfinancial Strategies



# Initiatives to Improve Shareholder Value

We seek to enhance shareholder returns by increasing earnings from the base area and strengthening the growth area with a view toward improving corporate value.

Improvement  
of  
shareholder  
value

Profitability  
improvement

Increase  
earnings from  
the base area

- Strengthen sales capability and improve productivity.

Strengthen  
the growth area

- Launch new products for the growth area and promote their sales.

Expand  
overseas sales

- Capturing demand in overseas markets.

Balance sheet  
management

Optimize capital  
investment

- Active capital investment in the growth area.

- M&A in areas where synergies are expected to be created.

Increase  
shareholder  
return

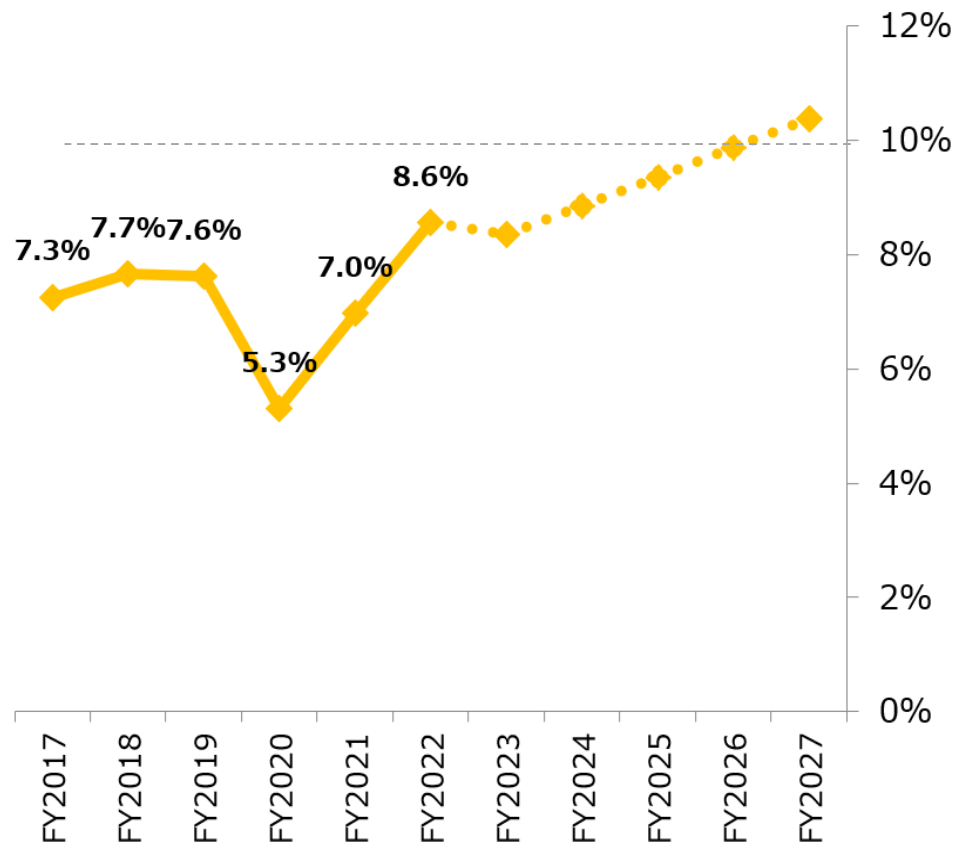
- Raise the payout ratio to 50% on a medium-term basis.



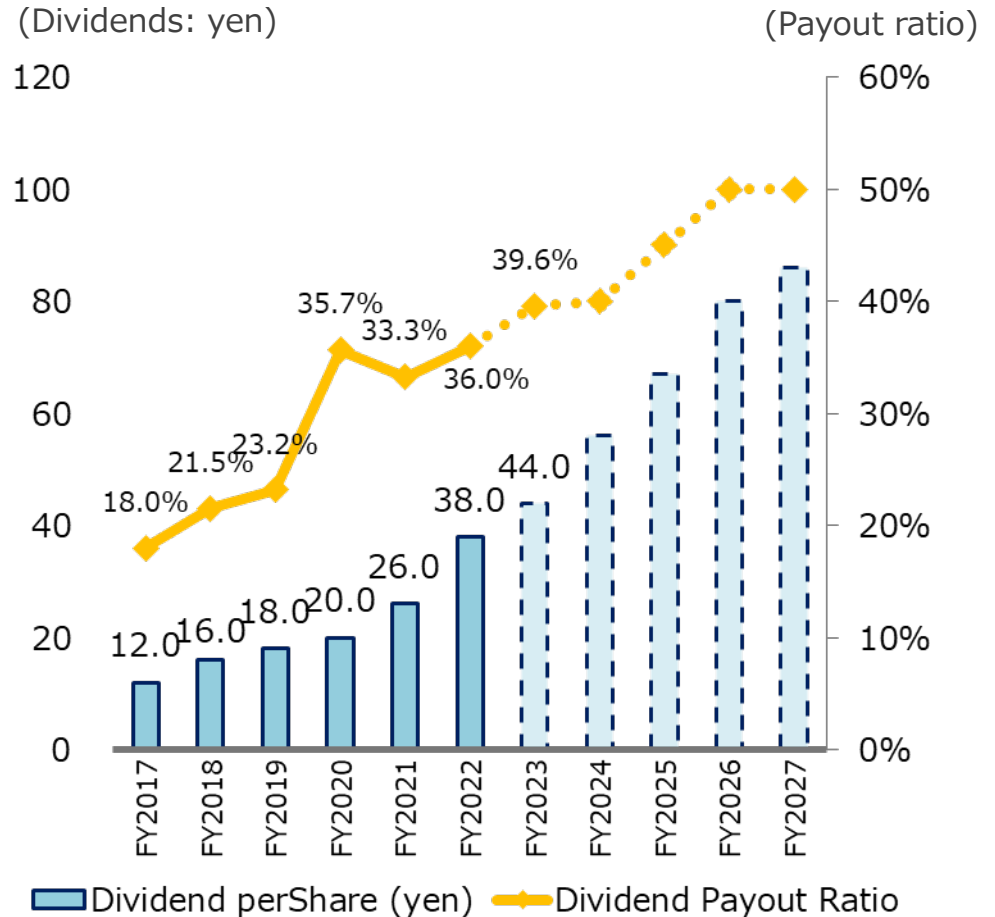
# ROE and Shareholder Returns Policy

Aim to achieve an ROE of just over 10% consistently.  
 Consider increasing payout ratios according to financial results in conjunction with the level of dividends.

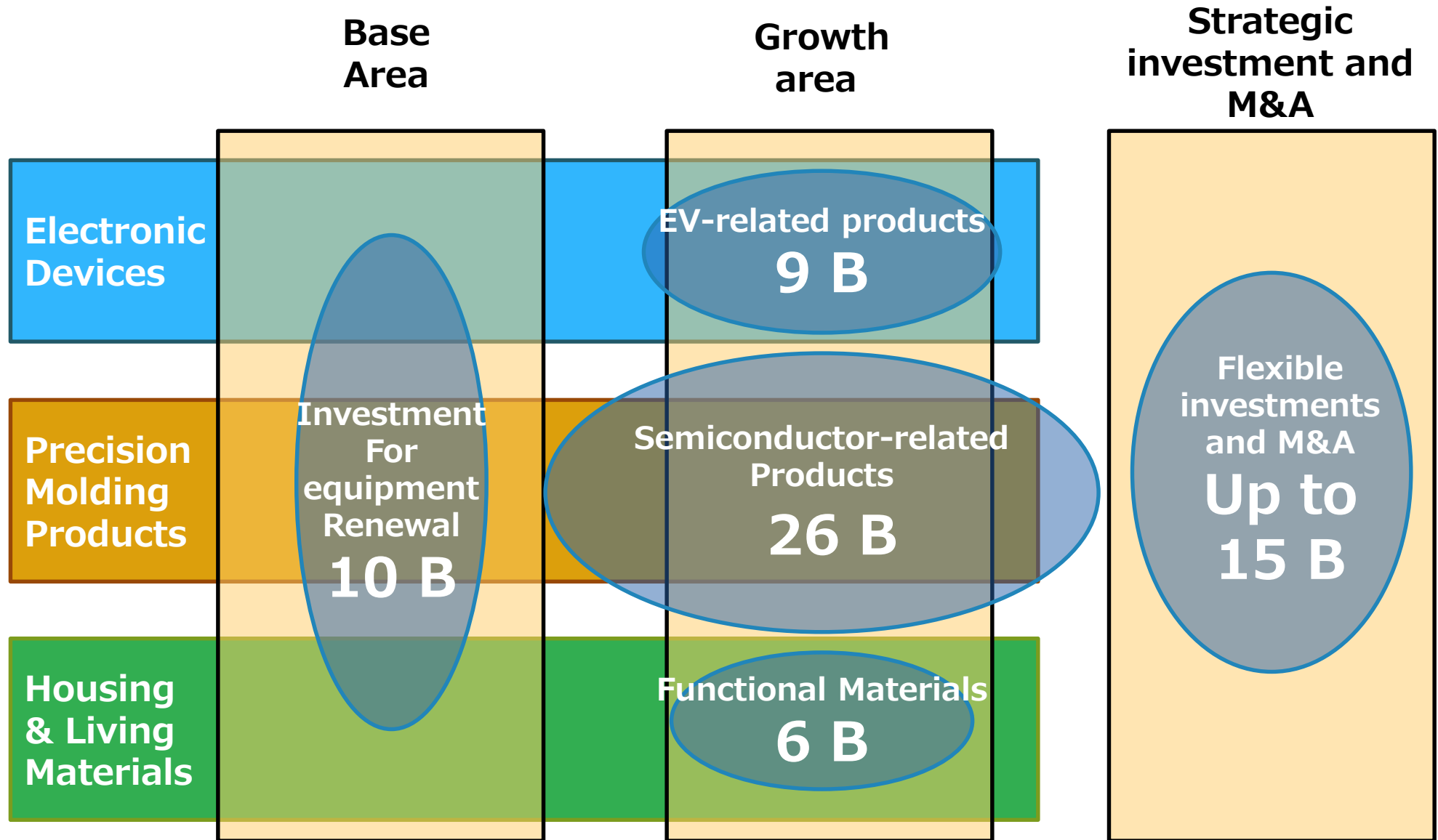
## ROE



## Payout ratio and annual dividend per share

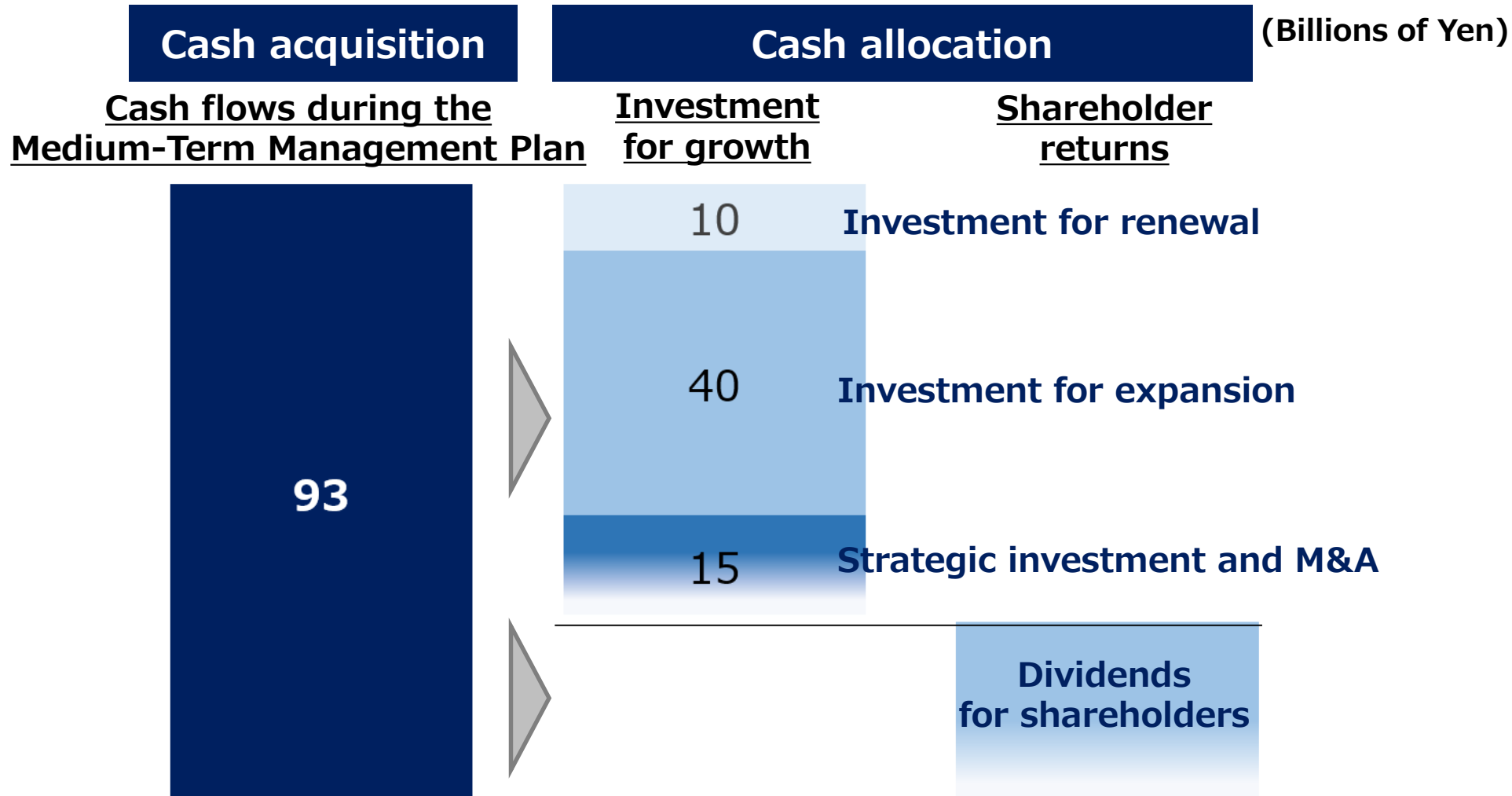


# Overview of capital expenditure and strategic investments (until March 31, 2028) **Total : 66 Billion yen**







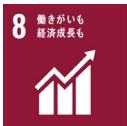


# Image of cash flow acquisition and distribution

Allocate cash flow obtained during the period of the Medium-Term Management Plan for active investment in growth and for shareholder returns.



# ESG Initiatives Basic Approach to Sustainability

Based on its corporate philosophy, the Shin-Etsu Polymer Group strives to be a business that continues to develop together with society by putting safety and fairness first in its business. The Group will contribute to the realization of a sustainable society by aiming to solve social issues through its business while meeting the demands and expectations of society.

	Key Issues	Targets	SDGs
E	<p><b>Reduce environmental impact</b></p> <p><b>Energy saving</b></p>	<ul style="list-style-type: none"> <li>● <b>Reduction of carbon intensity (Scope 1 and 2, compared to 2013)</b></li> <li><b>2030: down 46%</b></li> <li><b>2050: down 100% (Carbon neutrality)</b></li> </ul>	  
S	<p><b>Human rights</b></p> <p><b>Diversity</b></p> <p><b>CSR Procurement</b></p>	<ul style="list-style-type: none"> <li>● <b>Promote measures and improvements based on human rights due diligence</b></li> <li>● <b>Developing diversity rich human resources with motivational challenges</b></li> <li>● <b>Enhance the whistleblowing system and supplier hotlines</b></li> </ul>	   
G	<p><b>Enhance Governance</b></p>	<ul style="list-style-type: none"> <li>● <b>Enhance the Sustainability Committee and Compliance Committee</b></li> <li>● <b>Continue constructive dialogue with shareholders and investors</b></li> </ul>	-



**Shin-Etsu Polymer Co., Ltd.**

**Forward-Looking Statements**

Results forecasts included in this presentation material are based on information available at the time of disclosure and involve potential risks and uncertainties.

Please note therefore that actual results may differ materially from the presented forecasts due to a range of factors.

Factors that may impact actual results include economic circumstances, trends in demand, and fluctuations in material prices and foreign exchange rates.

In addition, the factors that may influence business results, etc. are not limited to the above.

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