

Mar 14, 2017

## R&I Affirms A+/a-1, Changes Outlook to Positive: Sekisui Chemical Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Sekisui Chemical Co., Ltd.  
**Issuer Rating:** A+, Affirmed  
**Rating Outlook:** Positive, Changed from Stable

**Commercial Paper:** a-1, Affirmed

### RATIONALE:

Sekisui Chemical Co., Ltd. operates in a wide range of business domains including electronics, automobiles, life science, building materials and housing. The company offers a large number of high value-added products that have top-class shares of global markets, building strong relationships with customers in various sectors. Its earnings sources are thus diversified in terms of both product line-up and customer segment.

In the high performance plastics division, competitive businesses such as interlayer films for automotive laminated glass and diagnostic reagents are expanding steadily. The housing division generates solid profits thanks to continuous cost reductions and a contribution from the renovation business, though no optimism is warranted on the future course of the market. The urban infrastructure & environmental products division, whose profitability had been low, saw its earnings structure improve as a result of efforts to rationalize underperforming products through the drastic structural reforms implemented in the past few years. With such efforts paying off, the stability and level of overall earnings have increased further. Accordingly, R&I has affirmed the Issuer Rating at A+ and changed the Rating Outlook to Positive.

Despite aggressive investments and share buybacks, debt reductions have been made. The company is therefore in a net cash position. Equity capital is ample, and the financial base is robust. Sekisui Chemical will most likely continue large investments under the next medium term management plan. Even so, the rating will be upgraded if R&I can confirm that the company is able to maintain its sound financial balance while keeping the main businesses competitive and pursuing growth investments.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings" and "Chemicals". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

### R&I RATINGS:

**ISSUER:** Sekisui Chemical Co., Ltd. (Sec. Code: 4204)  
**Issuer Rating**  
**A+, Affirmed**

**RATING:** A+, Affirmed

**RATING OUTLOOK:** Positive, Changed from Stable

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|-------------------------------|-----------------------------------|--------------------------------------|--|
| <b>Unsec. Str. Bonds No.6</b> | <b>Issue Date</b><br>Jun 14, 2016 | <b>Maturity Date</b><br>Jun 12, 2026 | <b>Issue Amount (mn)</b><br>JPY 10,000 |
| <b>RATING:</b>                | <b>A+, Affirmed</b>               |                                      |  |
|                               | <b>Commercial Paper</b>           |                                      |  |
| <b>ISSUE LIMIT (mn):</b>      | JPY 100,000                       |                                      |  |
| <b>SUPPORT:</b>               | Unsecured                         |                                      |  |
| <b>RATING:</b>                | <b>a-1, Affirmed</b>              |                                      |  |

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