

Financial Results for FY2019 & Outlook for FY2020

May 15, 2020



(Cautionary Statement)

Statements made in this material with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

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1. Consolidated Financial Results for FY2019 Ended March 31, 2020

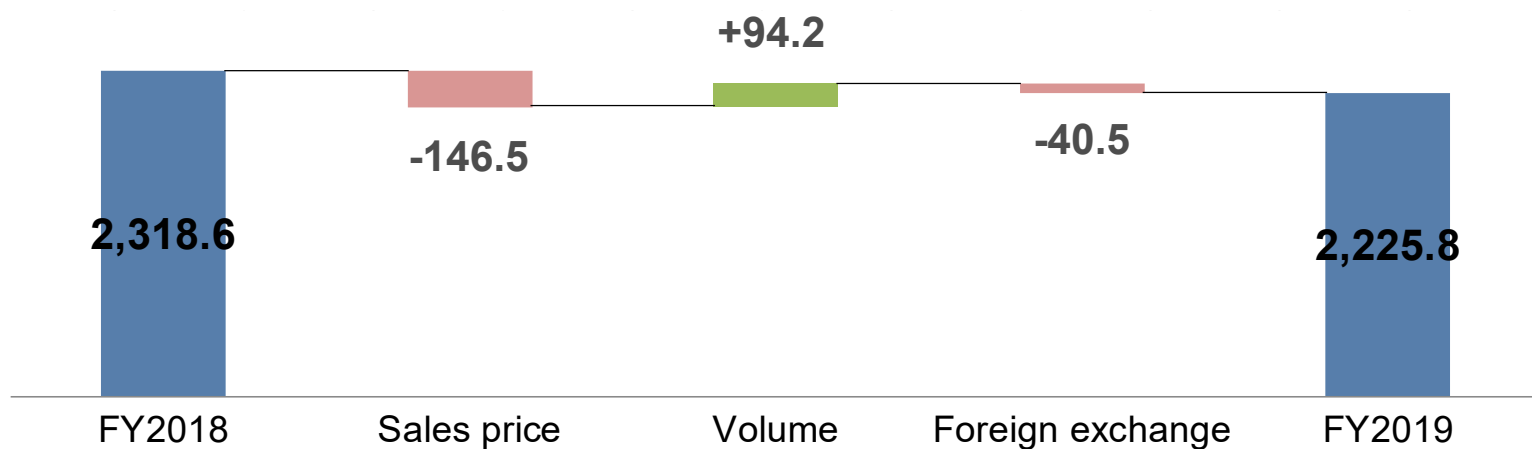
Unit: Billions of yen

	FY2018	FY2019	Difference	Ratio
Sales revenue	2,318.6	2,225.8	-92.8	-4.0%
Core operating income	204.3	132.7	-71.6	-35.1%
(Equity in earnings)	(37.2)	(9.2)	(-28.0)	-
Non-recurring items	-21.3	4.9	26.1	-
Operating income	183.0	137.5	-45.5	-24.8%
Finance income/expenses	5.4	-7.0	-12.4	-
(Gain/loss on foreign currency transactions)	(5.5)	(-5.6)	(-11.1)	-
Income tax expenses	-35.9	-76.1	-40.2	-
Net income attributable to non-controlling interests	-34.5	-23.5	11.0	-
Net income attributable to owners of the parent	118.0	30.9	-87.1	-73.8%
ROE	12.3%	3.2%		
Exchange rate(yen/\$)	110.92	108.70		
Naphtha price(yen/KL)	49,400	43,000		
Overseas sales revenue ratio	64.9%	65.6%		

Unit; Billions of yen

	FY2018	FY2019	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Petrochemicals & Plastics	757.5	656.9	-100.6	-13.3%	-99.0	7.0	-8.6
Energy & Functional Materials	282.9	255.0	-27.8	-9.8%	-9.5	-14.5	-3.9
IT-related Chemicals	396.8	404.9	8.0	2.0%	-28.0	46.8	-10.8
Health & Crop Sciences	338.1	343.7	5.6	1.6%	-7.5	23.2	-10.1
Pharmaceuticals	492.1	515.8	23.7	4.8%	-2.5	33.3	-7.1
Others & Adjustments	51.1	49.5	-1.7	-3.3%	0.0	-1.7	0.0
Total	2,318.6	2,225.8	-92.8	-4.0%	-146.5	94.2	-40.5

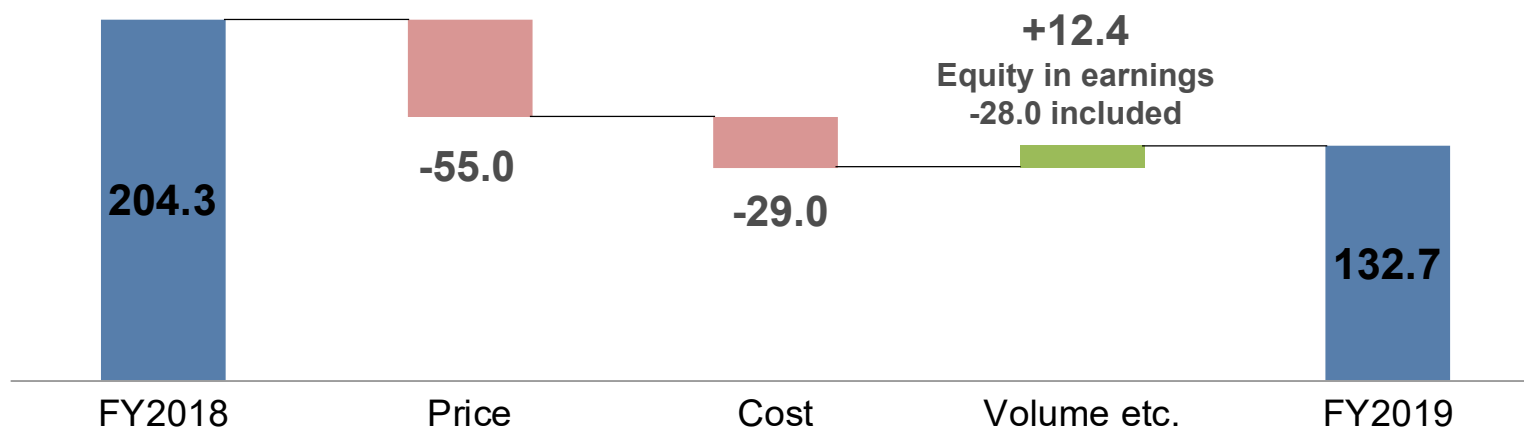
Analysis



Unit: Billions of yen

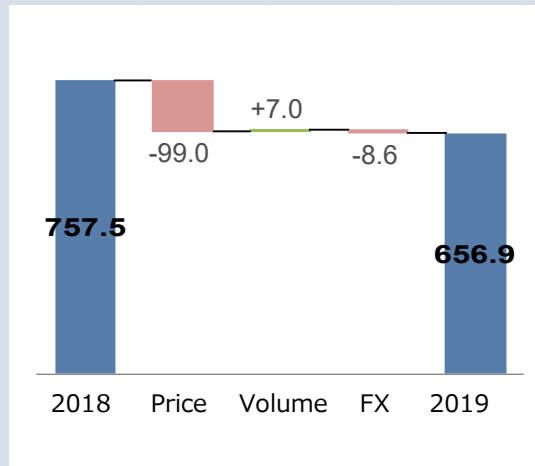
	FY2018	FY2019	Difference	Price variance	Cost variance	Shipping volume variance and other	Total
Petrochemicals & Plastics	61.6	14.5	-47.1	-18.5	-1.5	-27.1	-47.1
Energy & Functional Materials	23.0	20.3	-2.6	0.0	-1.0	-1.6	-2.6
IT-related Chemicals	26.2	25.1	-1.1	-28.0	1.0	25.9	-1.1
Health & Crop Sciences	19.7	2.1	-17.6	-6.0	-9.5	-2.1	-17.6
Pharmaceuticals	80.8	75.3	-5.5	-2.5	-18.0	15.0	-5.5
Others & Adjustments	-7.0	-4.6	2.4	0.0	0.0	2.4	2.4
Total	204.3	132.7	-71.6	-55.0	-29.0	12.4	-71.6

Analysis



Sales Revenue

Total ¥656.9billion (-100.6 from FY2018)



Sales price

-99.0

- Lower market prices

Volume

+7.0

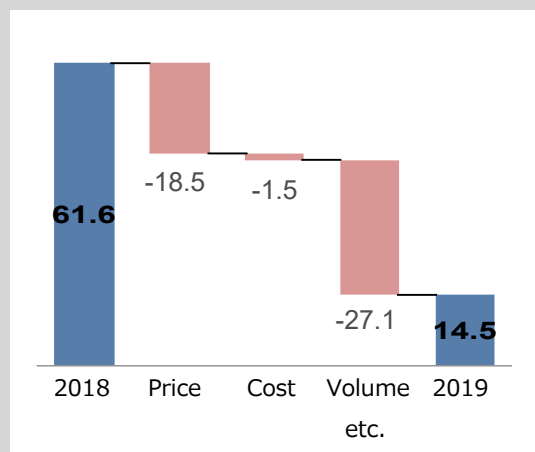
- Increase in shipments of MMA

Foreign exchange

-8.6

Core Operating Income

Total ¥14.5 billion (-47.1 from FY2018)



Price variance

-18.5

- Decrease in profit margin on MMA and raw materials for synthetic fibers

Cost variance

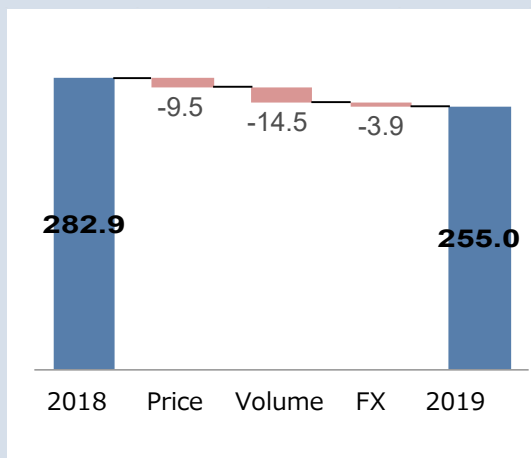
-1.5

Volume variance etc.

-27.1

- Decrease in equity in earnings of affiliates

Sales Revenue



Total ¥255.0 billion (-27.8 from FY2018)

Sales price

-9.5

- Lower market price for aluminum
- Decline in the selling price of cathode materials

Volume

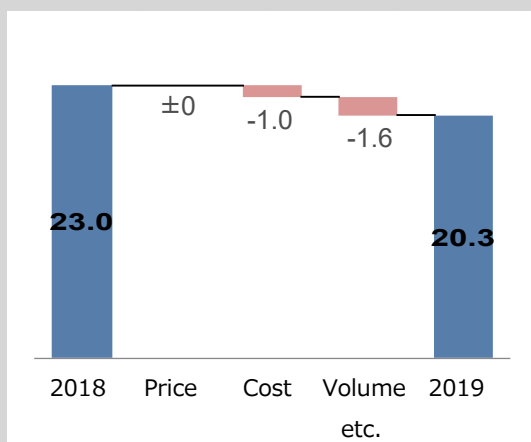
-14.5

- Decrease in shipments of cathode materials
- Decrease in shipments of lithium-ion secondary battery separators

Foreign exchange

-3.9

Core Operating Income



Total ¥20.3 billion (-2.6 from FY2018)

Price variance

±0

Cost variance

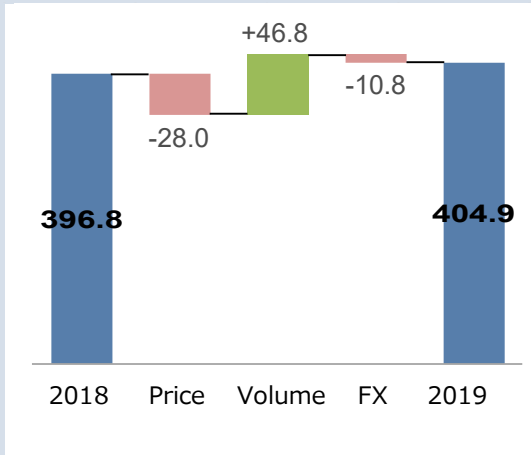
-1.0

Volume variance etc.

-1.6

- Decrease in shipments of cathode materials
- Decrease in shipments of lithium-ion secondary battery separators

Sales Revenue



Total ¥404.9 billion (+8.0 from FY2018)

Sales price

-28.0

- Decline in the selling price of polarizing film
- Decline in the selling price of touchscreen panels

Volume

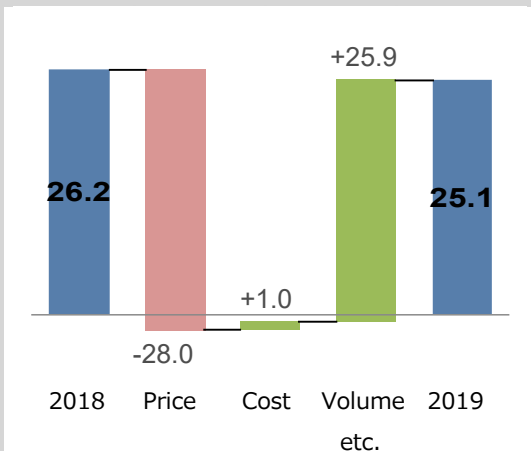
+46.8

- Increase in shipments of polarizing film
- Increase in shipments of touchscreen panels

Foreign exchange

-10.8

Core Operating Income



Total ¥25.1 billion (-1.1 from FY2018)

Price variance

-28.0

- Decline in the selling price of polarizing film
- Decline in the selling price of touchscreen panels

Cost variance

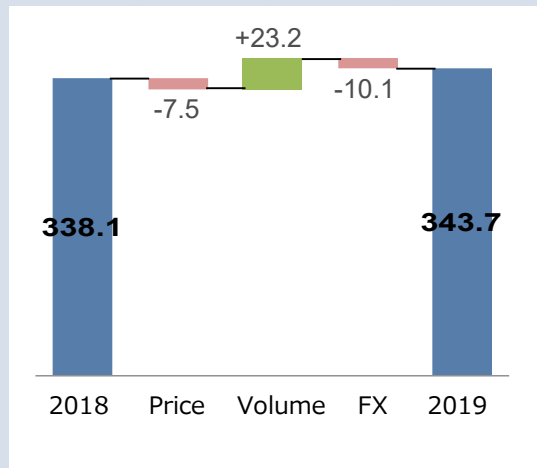
+1.0

Volume variance etc.

+25.9

- Increase in shipments of polarizing film
- Increase in shipments of touchscreen panels

Sales Revenue



Total ¥343.7 billion (+5.6 from FY2018)

Sales price

-7.5

- Lower market price for feed additive methionine

Volume

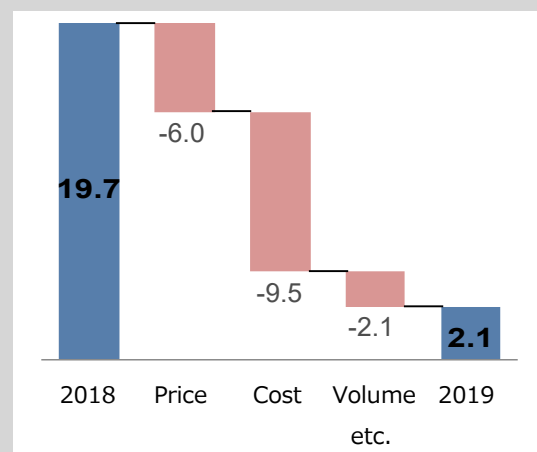
+23.2

- Decrease in shipments of crop protection products due to the impact of extreme weather in North America
- Increase in shipments of feed additive methionine due to the expansion of production capacity

Foreign exchange

-10.1

Core Operating Income



Total ¥2.1 billion (-17.6 from FY2018)

Price variance

-6.0

- Decrease in profit margin on feed additive methionine

Cost variance

-9.5

- Increase in fixed costs due to the expansion of feed additive methionine production capacity

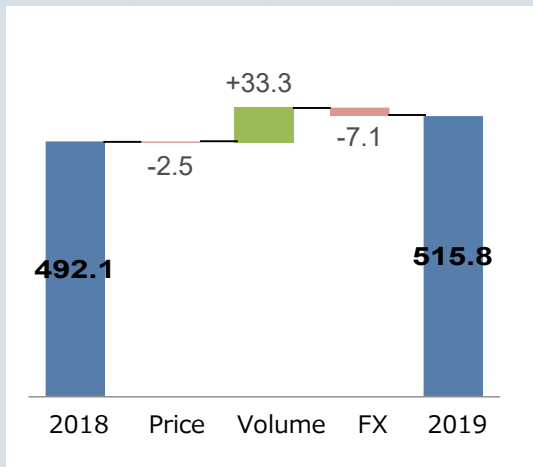
Volume variance etc.

-2.1

- Decrease in shipments of crop protection products due to the impact of extreme weather in North America
- Increase in shipments of feed additive methionine due to the expansion of production capacity

Sales Revenue

Total ¥515.8 billion (+23.7 from FY2018)



Sales price

-2.5

- NHI price revisions in Japan

Volume

+33.3

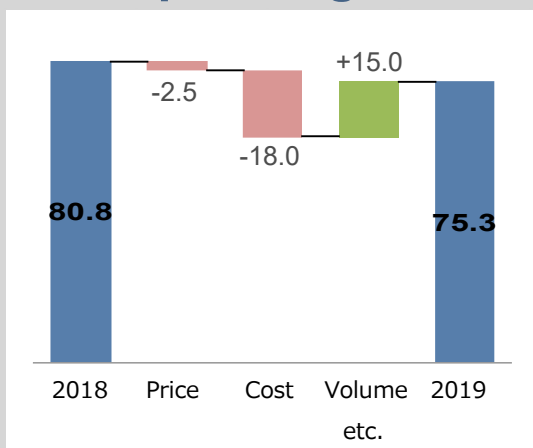
- Increase in shipments of Latuda® in North America
- Launching sales of Equa®/EquMet® in Japan

Foreign exchange

-7.1

Core Operating Income

Total ¥75.3 billion (-5.5 from FY2018)



Price variance

-2.5

- NHI price revisions in Japan

Cost variance

-18.0

- Increase in selling, general and administrative expenses and R&D expenses due to the strategic alliance with Roivant

Volume variance etc.

+15.0

- Increase in shipments of Latuda® in North America

Unit; Billions of yen

	FY2018	FY2019	Difference
Changes in fair value of contingent consideration	9.0	48.5	39.5
Gain on sale of property, plant and equipment	1.4	0.9	-0.5
Reversal of impairment loss	3.0	0.1	-2.9
Impairment loss	-24.6	-37.3	-12.7
Restructuring charges	-9.1	-7.8	1.3
Others	-0.9	0.5	1.5
Non-recurring items	-21.3	4.9	26.1

				Unit; Billions of yen			
	31-Mar-19	31-Mar-20	Difference		31-Mar-19	31-Mar-20	Difference
Current assets	1,291.2	1,310.9	19.7	Liabilities	1,819.7	2,261.5	441.8
Cash and cash equivalents	201.7	180.6	-21.0	Trade and other payables	482.9	436.1	-46.8
Trade and other receivables	550.0	570.4	20.4	Interest-bearing Liabilities	839.5	1,304.7	465.1
Inventories	489.3	492.4	3.1	Others	497.3	520.8	23.4
Others	50.3	67.5	17.2	Equity	1,351.9	1,388.8	37.0
Non-current assets	1,880.4	2,339.4	459.0	Shareholders' equity	922.3	908.5	-13.8
Property, plant and equipment	735.9	778.4	42.5	Other components of equity	76.4	13.9	-62.6
Goodwill and Intangible assets	343.5	662.4	318.9	Non-controlling interests	353.2	466.5	113.3
Others	801.0	898.6	97.6				
Total	3,171.6	3,650.3	478.7	Total	3,171.6	3,650.3	478.7
				Equity attributable to owners of parent to total assets	31.5%	25.3%	-6.2%
				D/E ratio (times)	0.6	0.9	0.3

Unit; Billions of yen

	FY2018	FY2019	Difference
Cash flows from operating activities	208.1	106.0	-102.1
Cash flows from investing activities	-180.8	-499.7	-318.8
Free cash flows	27.3	-393.7	-421.0
Cash flows from financing activities	-60.9	373.5	434.4
Effect of exchange rate changes on cash and cash equivalents	3.3	-0.9	-4.2
Net change in cash and cash equivalents	-30.3	-21.0	9.2
Cash and cash equivalents at end of year	201.7	180.6	-21.0

2. Outlook for FY2020

- Amid the pandemic of Covid-19, economic landscape in and out of Japan dramatically deteriorated, affecting the business environment surrounding the Sumitomo Chemical Group.
- Especially difficult situations are foreseen going forward in the businesses related to automotive and display areas, and they are expected to continue until the pandemic comes to an end.

- The Sumitomo Chemical Group refrains from providing earnings forecasts and dividend projection for fiscal 2020, as reasonable calculation for such outlook and the assumption of future foreign exchange rates and naphtha prices is not currently feasible in the face of Covid-19 pandemic.
- Going forward, the Sumitomo Chemical Group will examine the business trend, factoring in the impact of the pandemic, and announce financial forecasts as soon as the situation allows such calculation.

- The Company has concluded overdraft facilities and the commitment line contract of 101 billion yen in total with financial institutions.
- For domestic and overseas group companies, group finance is implemented to enable mutual financial accommodations.
- The Company continues to preserve cash necessary for the future business operations, while at the same time pursuing financial stability.

(Reference: Segment Information)

Petrochemicals & Plastics

- Started the commercial operation of the Rabigh Phase 2 Project
- Concluded a technology license agreement for propylene oxide in India
- Started the operation of newly constructed catalyst manufacturing lines in Chiba Works

Energy & Functional Materials

- Concluded sales and manufacturing technical support agreements for precursor of cathode materials with a European battery manufacturer (Tanaka Chemical Corp.)
- Opened a course focused on joint research between industry and academia for promoting the practical implementation of solid-type batteries at Kyoto University

IT-related Chemicals

- Expanding the business for automotive use by business alliance with a manufacturer of polarizing film in Japan
- Started the shipment of cover film for foldable display
- Started providing the photo resists for Extreme Ultraviolet lithography use

Health & Crop Sciences

- Agreed with Nufarm to acquire its four South American subsidiaries
- Completed the integration process of subsidiaries in India
- Decided to strengthen the competitiveness of its feed additive methionine business by improving production efficiency

Pharmaceuticals

- Strategic Alliance with Roivant Sciences
- Initiation of Phase 3 trial of SEP-363856 for the treatment of Schizophrenia
- Successful completion of the phase3 trials of Imeglimin for the treatment of Type 2 Diabetes Mellitus

Unit; Billions of yen

	FY2018				FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Petrochemicals & Plastics	185.6	194.8	196.5	180.6	177.5	174.7	166.1	138.6
Energy & Functional Materials	68.5	72.3	73.8	68.2	64.9	66.1	59.6	64.4
IT-related Chemicals	89.2	106.3	105.5	95.9	102.5	104.4	98.1	99.9
Health & Crop Sciences	69.4	68.8	74.5	125.4	71.9	74.4	72.2	125.2
Pharmaceuticals	124.3	118.4	129.1	120.3	125.8	121.7	134.8	133.6
Others & Adjustments	11.9	12.7	12.6	14.0	10.7	13.0	12.4	13.4
Total	548.9	573.2	592.0	604.4	553.2	554.3	543.2	575.1

Unit; Billions of yen

	FY2018				FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Petrochemicals & Plastics	17.8	17.6	16.4	9.8	13.0	4.4	10.0	-12.9
Energy & Functional Materials	5.9	6.9	7.4	2.8	5.6	7.0	5.1	2.7
IT-related Chemicals	4.3	10.5	7.5	3.9	7.8	7.5	3.4	6.4
Health & Crop Sciences	2.6	-0.2	1.5	15.8	-4.6	-3.6	-5.4	15.7
Pharmaceuticals	19.7	19.6	20.0	21.5	23.0	23.9	20.7	7.7
Others & Adjustments	-2.1	-0.6	0.1	-4.4	-0.5	1.1	-2.0	-3.2
Total	48.2	53.9	52.8	49.3	44.3	40.2	31.7	16.4

Unit; Billions of yen

	FY2018	FY2019
Capital Expenditures	163.7	116.3
Depreciation and Amortization	112.5	131.7
Research & Development Expenses	163.5	174.3
Number of Employees (as of March 31)	32,542	33,586

Unit; Billions of yen

	FY2018	FY2019	Difference
Petrochemicals & Plastics	31.5	23.8	-7.6
Energy & Functional Materials	24.3	21.4	-2.9
IT-related Chemicals	33.6	21.6	-12.0
Health & Crop Sciences	39.9	19.7	-20.3
Pharmaceuticals	16.9	17.0	0.2
Others & Adjustments	17.6	12.9	-4.7
Total	163.7	116.3	-47.3

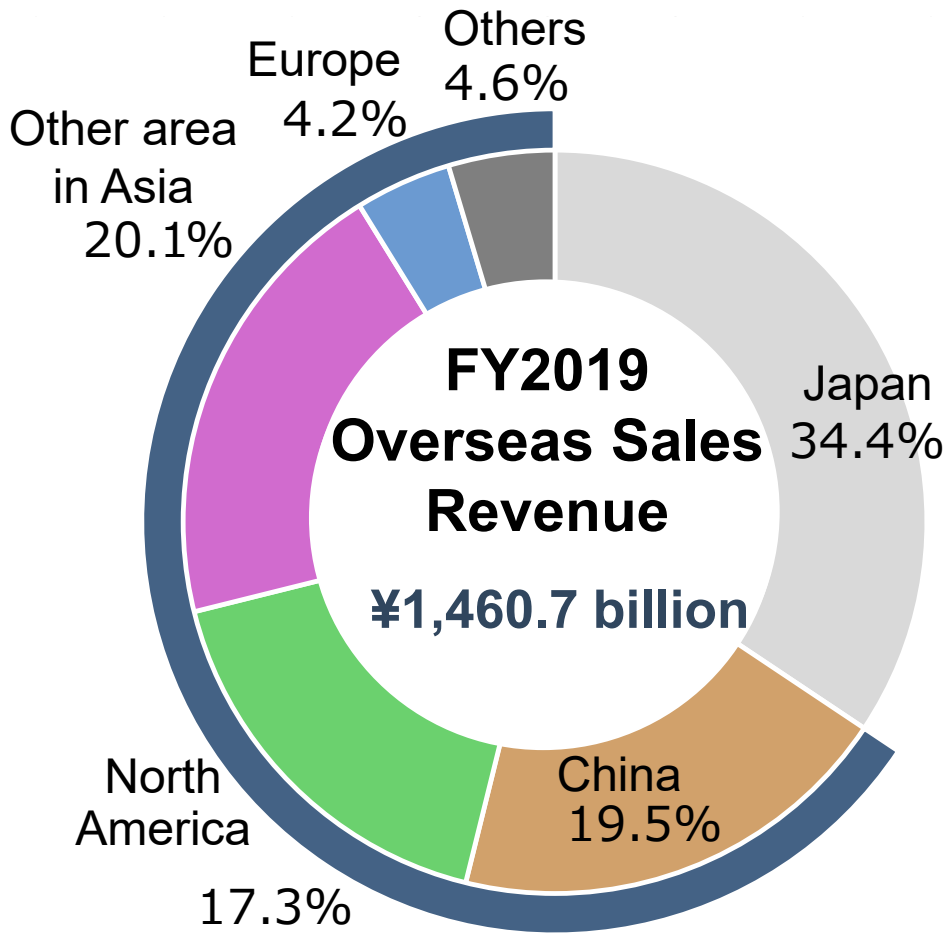
Unit; Billions of yen

	FY2018	FY2019	Difference
Petrochemicals & Plastics	22.0	27.9	5.8
Energy & Functional Materials	15.4	15.9	0.4
IT-related Chemicals	31.1	29.0	-2.1
Health & Crop Sciences	18.7	26.1	7.4
Pharmaceuticals	16.3	20.0	3.8
Others & Adjustments	9.0	13.0	4.0
Total	112.5	131.7	19.2

Unit; Billions of yen

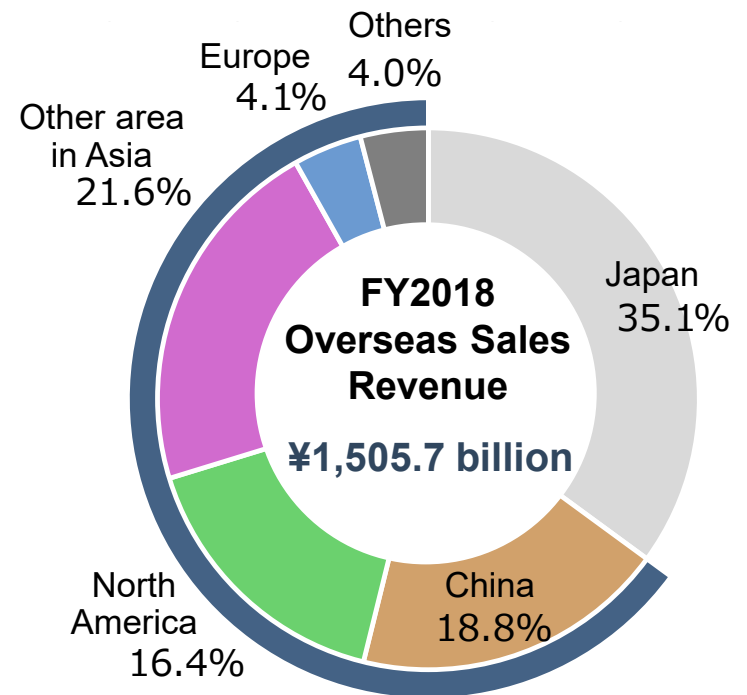
	FY2018	FY2019	Difference
Petrochemicals & Plastics	7.1	7.0	-0.1
Energy & Functional Materials	8.5	7.8	-0.7
IT-related Chemicals	17.3	19.1	1.8
Health & Crop Sciences	29.3	28.9	-0.4
Pharmaceuticals	85.1	95.0	9.9
Others & Adjustments	16.2	16.5	0.3
Total	163.5	174.3	10.9

Company	Sales Revenue		Profit Trends
	FY2018	FY2019	
The Polyolefin Company (Singapore) (Millions of USD)	1,146	1,047	↗ Due to slightly Improved profit margins.
Petrochemical Corporation of Singapore (Millions of USD)	2,770	2,371	↘ Due to a deterioration in profit margins.
Rabigh Refining and Petrochemical Company (Millions of SAR)	40,998	34,062	↘ Lower margins on oil refining and petrochemical products.
Dongwoo Fine-Chem (Billions of KRW)	23,832.1	25,114.4	↘ Decreased due to lower selling prices despite higher sales volume.
Valent U.S.A. and Subsidiaries (Millions of USD)	848	718	↘ Lower sales volume due to extreme weather.



Overseas Sales Revenue Ratio

65.6%

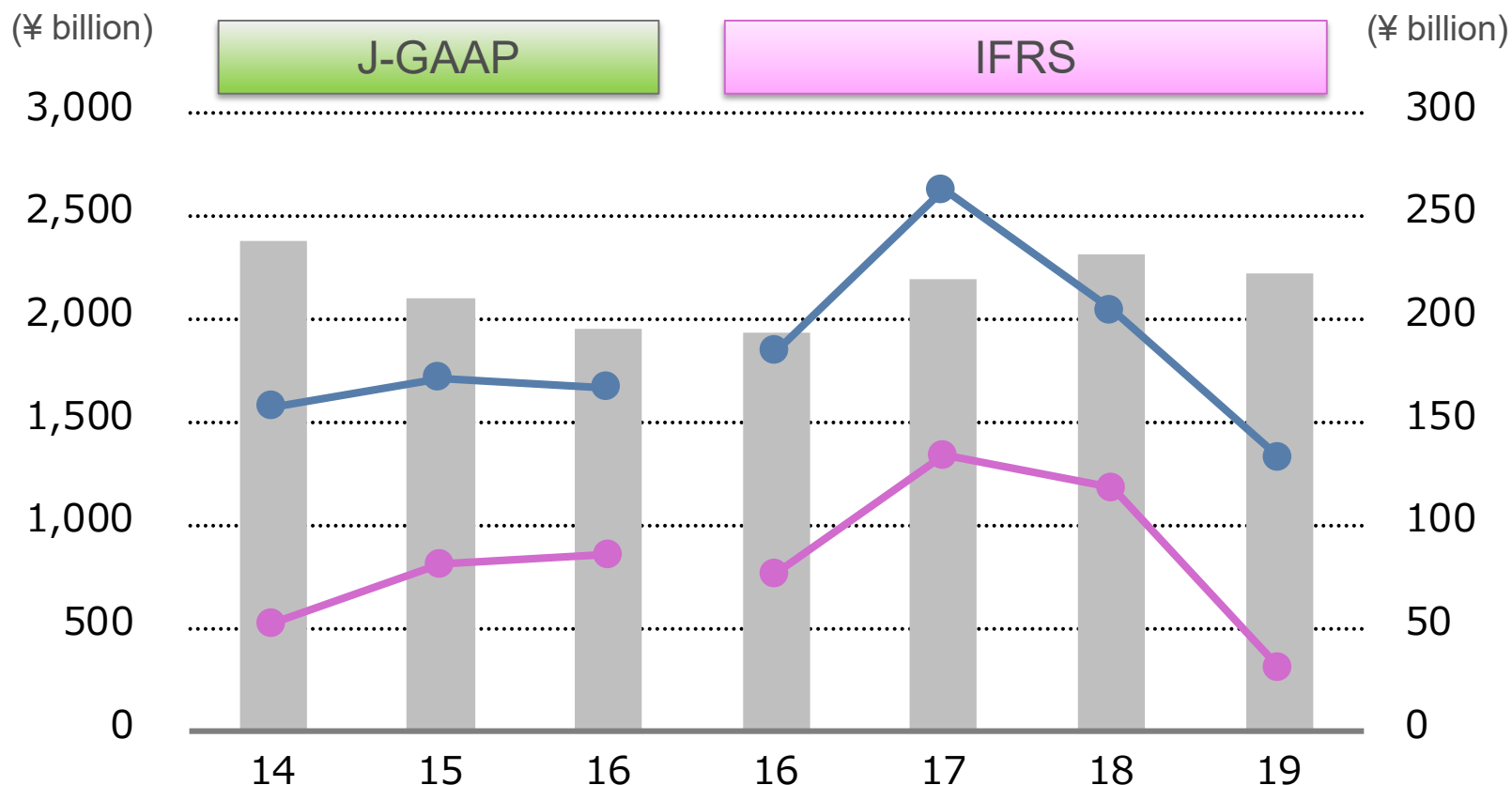


Overseas Sales Revenue Ratio

64.9%

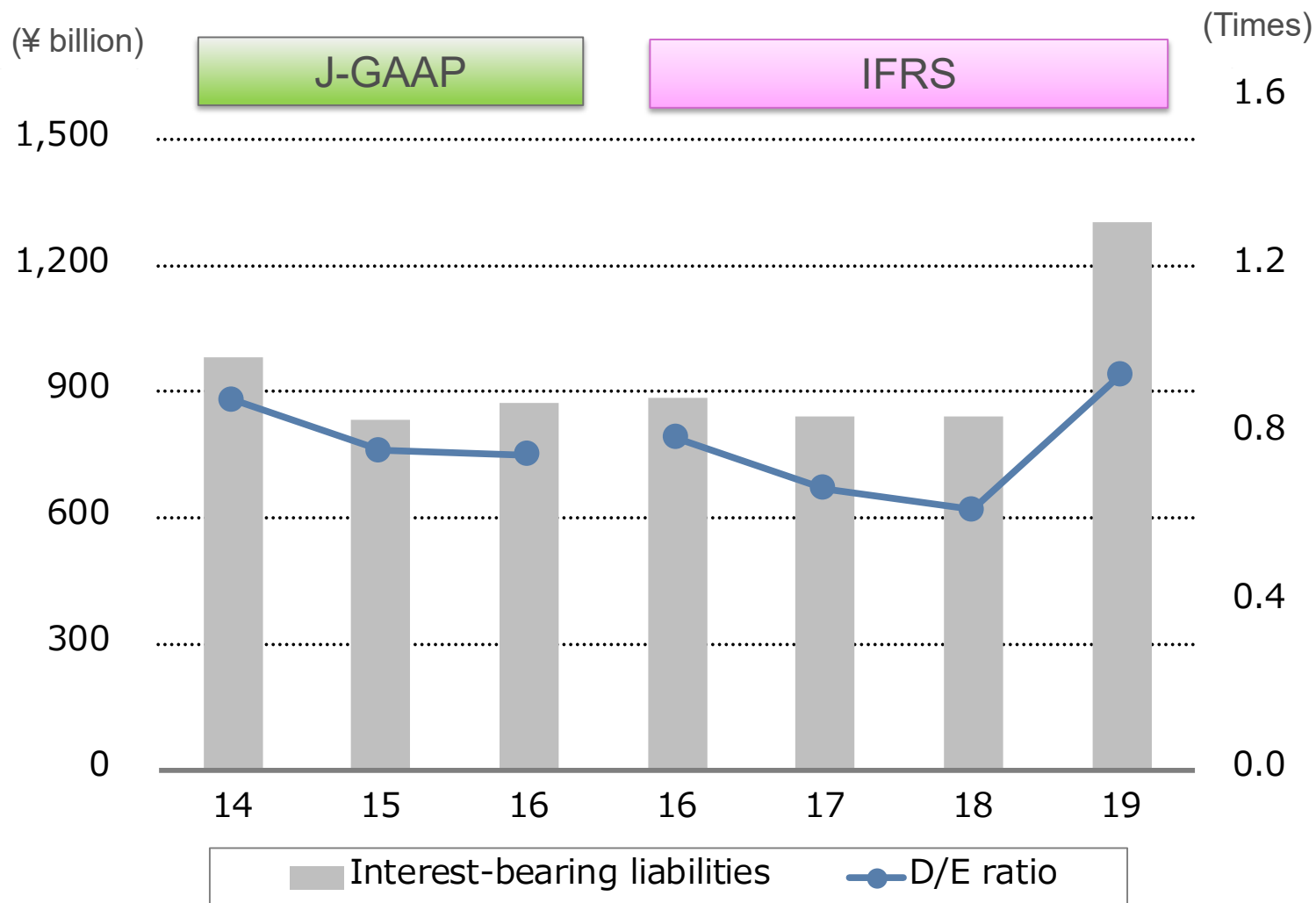
Sales Revenue

Profit



Interest-bearing Liabilities

D/E Ratio



Dividends per share

Payout Ratio

