

Financial Results for FY2018 Third Quarter

February 1, 2019



(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.

Financial Results for FY2018 Third Quarter

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(Reference: Segment Information)

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Financial Results for FY2018 Third Quarter

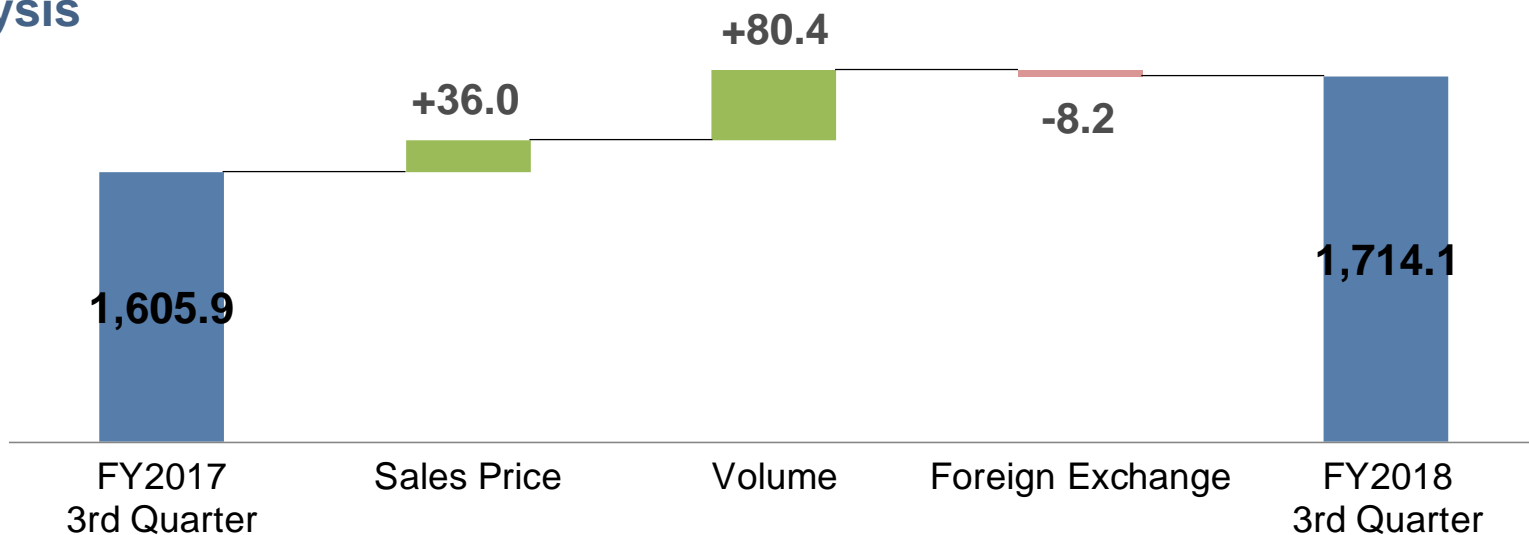
Unit; billions of yen

	FY2017 3rd Quarter	FY2018 3rd Quarter	Difference	Ratio
Sales revenue	1,605.9	1,714.1	108.3	6.7%
Core operating income (Equity in earnings)	198.8 (40.0)	154.9 (32.4)	-43.9 (-7.6)	-22.1% -
Non-recurring items	-6.5	-12.3	-5.8	-
Operating income	192.3	142.6	-49.7	-25.9%
Finance income/expenses (Gain/loss on foreign currency transactions)	1.8 (1.7)	5.6 (4.8)	3.8 (3.1)	- -
Income tax expenses	-47.8	-30.6	17.3	-
Net income attributable to non-controlling interests	-37.6	-28.6	9.0	-
Net income attributable to owners of the parent	108.6	89.0	-19.7	-18.1%
ROE	12.5%	9.3%		
Exchange rate(yen/\$)	111.69	111.14		
Naphtha price(yen/KL)	39,900	52,200		
Overseas sales revenue ratio	63.6%	64.9%		

Unit; billions of yen

	FY2017 3rd Quarter	FY2018 3rd Quarter	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals & Plastics	496.6	576.9	80.3	16.2%	44.0	37.4	-1.1
Energy & Functional Materials	187.7	214.7	26.9	14.3%	11.0	15.8	0.1
IT-related Chemicals	286.6	300.9	14.3	5.0%	-10.0	24.9	-0.5
Health & Crop Sciences	216.2	212.7	-3.5	-1.6%	-2.5	4.7	-5.6
Pharmaceuticals	380.4	371.8	-8.6	-2.3%	-6.5	-1.1	-1.0
Others & Adjustments	38.3	37.1	-1.2	-3.0%	0.0	-1.2	0.0
Total	1,605.9	1,714.1	108.3	6.7%	36.0	80.4	-8.2

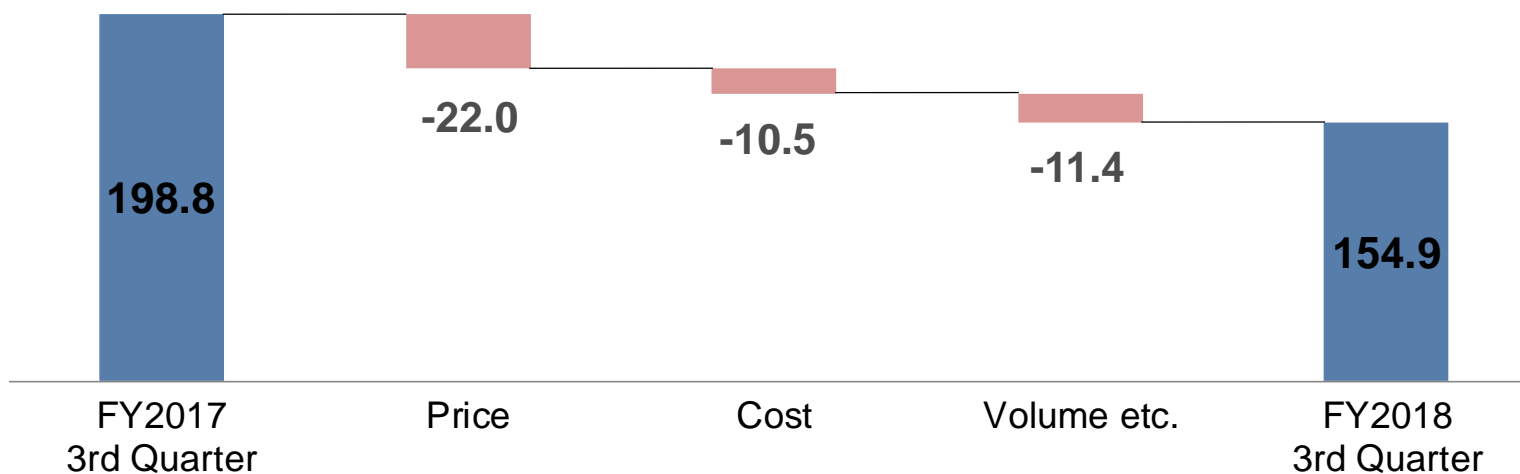
Analysis



Unit; billions of yen

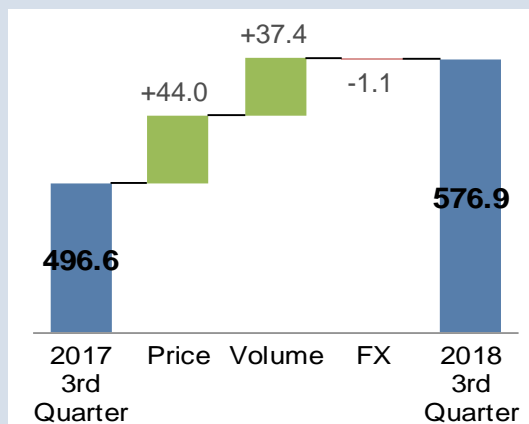
	FY2017 3rd Quarter	FY2018 3rd Quarter	Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
Petrochemicals & Plastics	70.7	51.8	-18.9	0.0	0.0	-18.9	-18.9
Energy & Functional Materials	15.9	20.2	4.3	-0.5	-3.5	8.3	4.3
IT-related Chemicals	13.6	22.3	8.7	-10.0	4.5	14.2	8.7
Health & Crop Sciences	18.6	3.9	-14.7	-5.0	-2.5	-7.2	-14.7
Pharmaceuticals	81.6	59.3	-22.3	-6.5	-9.0	-6.8	-22.3
Others & Adjustments	-1.6	-2.6	-1.0	0.0	0.0	-1.0	-1.0
Total	198.8	154.9	-43.9	-22.0	-10.5	-11.4	-43.9

Analysis



Sales revenue

Total ¥576.9 billion (+80.3 from FY2017 3rd Quarter)



Sales price

+44.0

- Rise in market price

Volume

+37.4

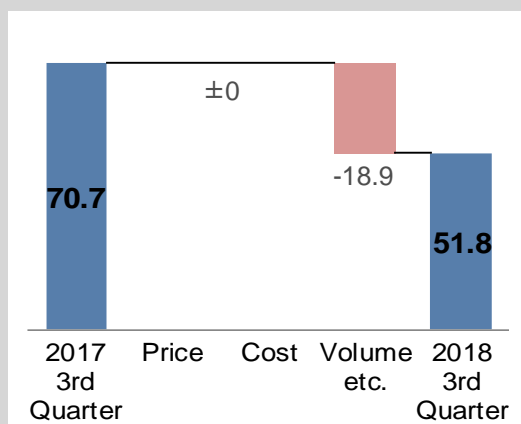
- Increase in shipment of Rabigh products

Foreign exchange

-1.1

Core Operating Income

Total ¥51.8 billion (-18.9 from FY2017 3rd Quarter)



Price variance

0.0

- Better profit margin on raw materials for MMA and synthetic fibers
- Decrease in profit margin on petrochemical products and synthetic resins

Cost variance

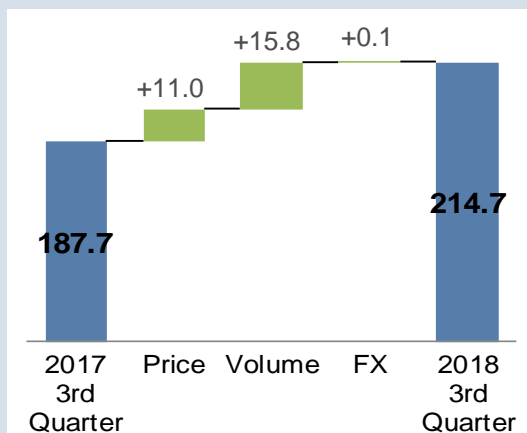
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Volume variance etc.

-18.9

- Periodic plant maintenance in Chiba works and Singapore
- Decrease in license revenue

Sales revenue



Total ¥214.7 billion (+26.9 from FY2017 3rd Quarter)

Sales price

+11.0

- Higher market price for aluminum

Volume

+15.8

- Increase in shipment of lithium-ion secondary battery separator
- Increase in shipment of cathode materials
- Increase in shipment of high purity alumina

Foreign exchange

+0.1

Core Operating Income



Total ¥20.2 billion (+4.3 from FY2017 3rd Quarter)

Price variance

-0.5

Cost variance

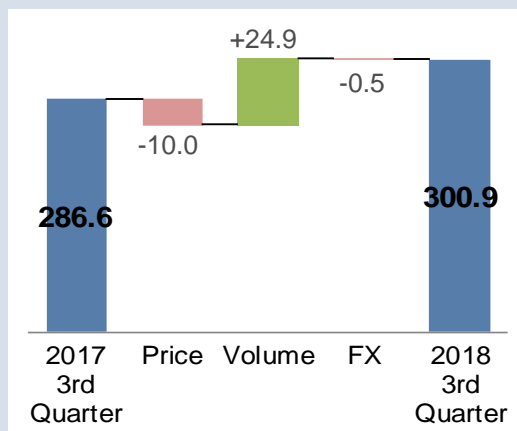
-3.5

Volume variance etc.

+8.3

- Increase in shipment of lithium-ion secondary battery separator
- Increase in shipment of high purity alumina

Sales revenue



Total ¥300.9 billion (+14.3 from FY2017 3rd Quarter)

Sales price

-10.0

- Decline in selling price of polarizing film

Volume

+24.9

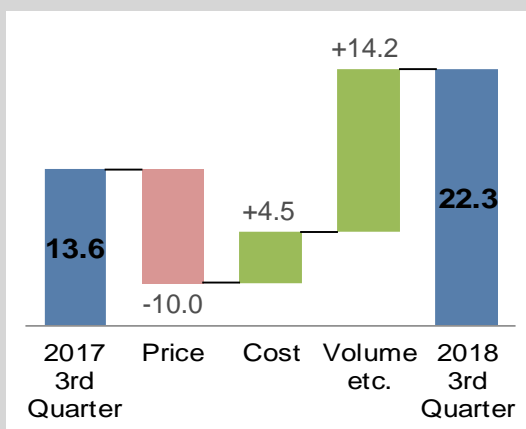
- Increase in shipment of polarizing film

Foreign exchange

-0.5

Core Operating Income

Total ¥22.3 billion (+8.7 from FY2017 3rd Quarter)



Price variance

-10.0

- Decline in selling price of polarizing film

Cost variance

+4.5

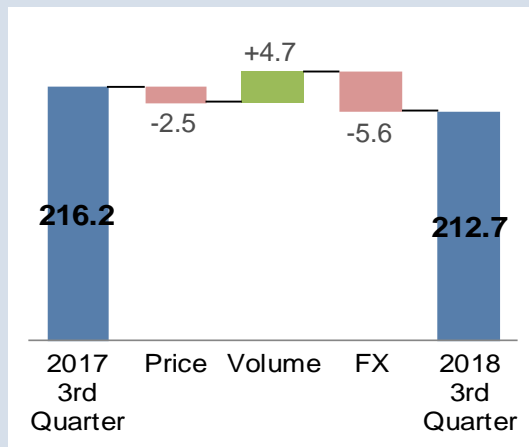
- Rationalization of the use of raw materials
- Improvement of production yield

Volume variance etc.

+14.2

- Increase in shipment of polarizing film

Sales revenue



Total ¥212.7 billion (-3.5 from FY2017 3rd Quarter)

Sales price

-2.5

- Lower market price for feed additive methionine

Volume

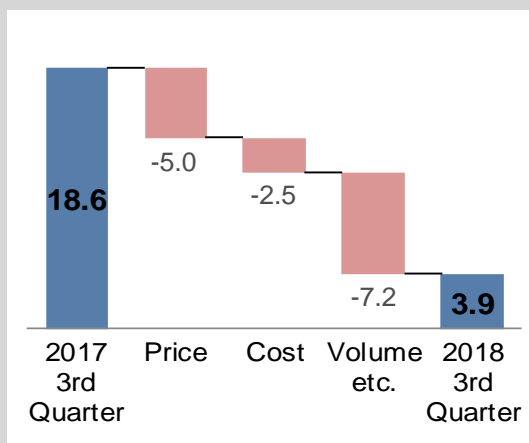
+4.7

- Increase in shipment of crop protection chemicals in South America and Asia

Foreign exchange

-5.6

Core Operating Income



Total ¥3.9 billion (-14.7 from FY2017 3rd Quarter)

Price variance

-5.0

- Lower market price for feed additive methionine
- Higher feedstock prices

Cost variance

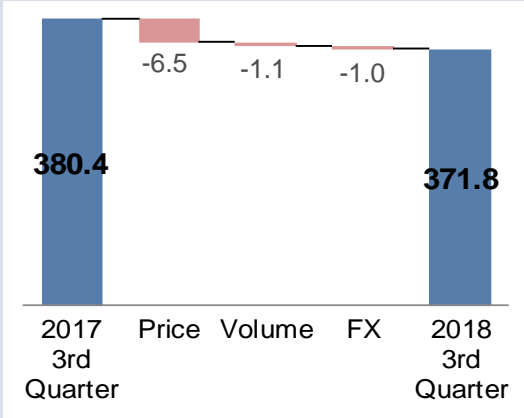
-2.5

Volume variance etc.

-7.2

- Equity method investment loss on Nufarm

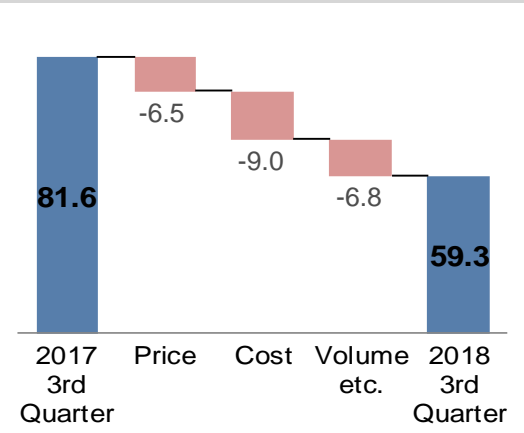
Sales revenue



Total ¥371.8 billion (-8.6 from FY2017 3rd Quarter)

- Sales price** -6.5
 - NHI price revision in Japan
- Volume** -1.1
 - Increase in shipment of Latuda® in North America
 - Decrease in shipment of long-listed brands in Japan
- Foreign exchange** -1.0

Core Operating Income



Total ¥59.3 billion (-22.3 from FY2017 3rd Quarter)

- Price variance** -6.5
 - NHI price revision in Japan
- Cost variance** -9.0
 - Increase in sales expense in North America
- Volume variance etc.** -6.8
 - One time gain from divestiture of ciclesonide products in previous fiscal year

Unit; billions of yen

	FY2017 3rd Quarter	FY2018 3rd Quarter	Difference
Restructuring charges	-8.5	-6.1	2.4
Changes in fair value of contingent consideration	-4.3	-5.5	-1.2
Gain on sale of property, plant and equipment	6.8	0.4	-6.4
Impairment loss	-2.0	-	2.0
Others	1.5	-1.2	-2.6
Non-recurring items	-6.5	-12.3	-5.8

				Unit; billions of yen			
	31-Mar-18	31-Dec-18	Difference		31-Mar-18	31-Dec-18	Difference
Current assets	1,254.8	1,364.9	110.0	Liabilities	1,816.5	1,941.9	125.4
Cash and cash equivalents	231.9	242.3	10.4	Trade and other payables	486.8	497.8	11.0
Trade and other receivables	530.6	548.6	18.0	Interest-bearing Liabilities	842.2	966.8	124.7
Inventories	446.8	508.6	61.8	Others	487.5	477.3	-10.2
Others	45.5	65.3	19.8	Equity	1,252.2	1,328.6	76.4
Non-current assets	1,813.9	1,905.6	91.8	Shareholders' equity	842.0	892.9	50.9
Property, plant and equipment	675.7	736.7	60.9	Other components of equity	85.2	84.9	-0.3
Goodwill and Intangible assets	355.5	366.7	11.2	Non-controlling interests	325.1	350.8	25.7
Others	782.6	802.3	19.7				
Total	3,068.7	3,270.5	201.8	Total	3,068.7	3,270.5	201.8
				Equity attributable to owners of parent to total assets	30.2%	29.9%	-0.3%
				D/E ratio (times)	0.7	0.7	0.1

Unit; billions of yen

	FY2017 3rd Quarter	FY2018 3rd Quarter	Difference
Cash flows from operating activities	151.3	68.3	-82.9
Cash flows from investing activities	-112.8	-129.5	-16.7
Free cash flows	38.5	-61.2	-99.7
Cash flows from financing activities	14.7	68.5	53.8
Effect of exchange rate changes on cash and cash equivalents	3.6	3.1	-0.5
Net change in cash and cash equivalents	56.7	10.4	-46.3
Cash and cash equivalents at end of period	250.0	242.3	-7.7

(Reference: Segment Information)

Unit; billions of yen

	FY2017				FY2018			FY2018 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half
Petrochemicals & Plastics	153.5	166.6	176.5	177.5	185.6	194.8	196.5	380.4	409.6
Energy & Functional Materials	59.6	60.6	67.5	63.2	68.5	72.3	73.8	140.9	144.1
IT-related Chemicals	90.8	97.8	98.1	82.1	89.2	106.3	105.5	195.4	239.6
Health & Crop Sciences	67.5	70.2	78.5	123.5	69.4	68.8	74.5	138.1	271.9
Pharmaceuticals	124.6	123.5	132.3	119.8	124.3	118.4	129.1	242.7	272.3
Others & Adjustments	12.0	13.7	12.6	18.5	11.9	12.7	12.6	24.6	30.4
Total	507.9	532.4	565.5	584.6	548.9	573.2	592.0	1,122.1	1,367.9

Unit; billions of yen

	FY2017				FY2018			FY2018 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half
Petrochemicals & Plastics	15.0	26.8	28.9	23.9	17.8	17.6	16.4	35.4	27.6
Energy & Functional Materials	4.8	5.5	5.6	3.3	5.9	6.9	7.4	12.8	7.2
IT-related Chemicals	3.3	5.7	4.6	-1.2	4.3	10.5	7.5	14.8	5.2
Health & Crop Sciences	5.5	2.9	10.3	25.3	2.6	-0.2	1.5	2.5	56.5
Pharmaceuticals	25.9	32.2	23.5	13.2	19.7	19.6	20.0	39.3	41.7
Others & Adjustments	-1.1	0.4	-0.9	-0.5	-2.1	-0.6	0.1	-2.7	-0.3
Total	53.5	73.5	71.8	63.8	48.2	53.9	52.8	102.1	137.9

Company	Sales Revenue		Profit Trends
	FY2017 3rd Quarter	FY2018 3rd Quarter	
The Polyolefin Company (Singapore) (millions of USD)	881	867	↘ Decreased margins and decreased sales volume due to periodic plant maintenance in the current term.
Petrochemical Corporation of Singapore (millions of USD)	1,958	2,092	↘ Decreased margins and decreased sales volume due to periodic plant maintenance in the current term.
Rabigh Refining and Petrochemical Company (millions of SAR)	24,687	32,640	→ Maintain stable operations.
Dongwoo Fine-Chem (billions of KRW)	1,683.2	1,779.6	↗ Increased due to higher sales volume and other factors despite lower selling price.
Valent U.S.A. and Subsidiaries (millions of USD)	566	506	↘ Due to shipment timing difference and other factors.