



Financial Results of FY2014 Third Quarter



January 30, 2015



Sumitomo Chemical Co., Ltd.



(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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Financial Summary

Unit; billions of yen

	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)	Difference	Ratio
Net Sales	1,606.3	1,723.0	116.7	7.3%
Operating Income	71.2	71.4	0.2	0.3%
(Equity in earnings of affiliates, included in ordinary income)	(-0.4)	(20.0)	(20.5)	-
(Net gain on foreign currency transactions, included in ordinary income)	(6.2)	(8.2)	(2.0)	33.1%
Ordinary Income	72.6	98.7	26.0	35.9%
(Extraordinary Gain / Loss)	(-9.6)	(1.3)	(10.9)	-
(Income taxes)	(-23.6)	(-36.4)	(-12.8)	-
(Minority interests in income)	(-14.9)	(-16.4)	(-1.4)	-
Net Income	24.6	47.2	22.7	92.3%
ROE	4.4%	6.8%		
Exchange Rate (yen/USD)	99.36	106.73		
Naphtha Price (yen/KL)	65,700	68,900		

Net Sales by Business Segments I

Unit; billions of yen

	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Basic Chemicals	205.2	230.4	25.2	12.3%	12.5	9.1	3.6
Petrochemicals	571.4	615.2	43.8	7.7%	16.0	7.8	20.0
IT-related Chemicals	273.5	298.2	24.7	9.0%	-33.5	35.0	23.3
Health & Crop Sciences	207.2	231.0	23.8	11.5%	3.0	12.8	8.0
Pharmaceuticals	307.9	303.1	-4.8	-1.6%	-7.0	-5.7	7.9
Others & Adjustments	41.0	45.0	4.0	9.9%	0	4.0	0
Total	1,606.3	1,723.0	116.7	7.3%	-9.0	62.9	62.8
Overseas Operations	922.0	1,026.5	104.5	11.3%			
Overseas Ratio	57.4%	59.6%					

Net Sales by Business Segments II

Unit; billions of yen

	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)	Difference	Main Factors
Basic Chemicals	205.2	230.4	25.2	<ul style="list-style-type: none"> • Higher market price for MMA and increase in shipments of MMA • Higher market price for aluminum
Petrochemicals	571.4	615.2	43.8	<ul style="list-style-type: none"> • Increase in shipments of synthetic resins overseas • Sustained high market prices for petrochemical products and synthetic resins • Positive effect of the weaker yen
IT-related Chemicals	273.5	298.2	24.7	<ul style="list-style-type: none"> • Decline in selling price of polarizing film and touchscreen panel • Increase in shipments of polarizing film due to growth in demand • Increase in shipments of touchscreen panel due to increased production capacity • Positive effect of the weaker yen
Health & Crop Sciences	207.2	231.0	23.8	<ul style="list-style-type: none"> • Higher market price for feed additive methionine and increase in shipments of methionine • Expanded sales of crop protection chemicals overseas
Pharmaceuticals	307.9	303.1	-4.8	<ul style="list-style-type: none"> • Decline in shipments of existing products due to generic entry • NHI price revision in Japan • Increase in shipments of Latuda® in North America
Others & Adjustments	41.0	45.0	4.0	
Total	1,606.3	1,723.0	116.7	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)					
Basic Chemicals	-7.5	-2.5	5.0	3.5	0.5	1.0	5.0
Petrochemicals	5.4	9.5	4.0	2.5	0	1.5	4.0
IT-related Chemicals	29.2	23.8	-5.4	-28.5	4.5	18.6	-5.4
Health & Crop Sciences	14.7	22.8	8.2	1.5	0	6.7	8.2
Pharmaceuticals	39.2	27.6	-11.6	-7.0	-3.0	-1.6	-11.6
Others & Adjustments	-9.8	-9.8	0.1	0	0	0.1	0.1
Total	71.2	71.4	0.2	-28.0	2.0	26.2	0.2



Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)		
Basic Chemicals	-7.5	-2.5	5.0	<ul style="list-style-type: none"> • Better margins for MMA and increase in shipments of MMA • Margin erosion in raw materials for synthetic fiber
Petrochemicals	5.4	9.5	4.0	<ul style="list-style-type: none"> • Better margins for petrochemical products and synthetic resins • Increase in shipments of synthetic resins overseas
IT-related Chemicals	29.2	23.8	-5.4	<ul style="list-style-type: none"> • Decline in selling price of polarizing film and touchscreen panel • Increase in shipments of polarizing film due to growth in demand • Increase in shipments of touchscreen panel due to increased production capacity • Positive effect of the weaker yen
Health & Crop Sciences	14.7	22.8	8.2	<ul style="list-style-type: none"> • Higher market price for feed additive methionine and increase in shipments of methionine • Expanded sales of crop protection chemicals overseas • Positive effect of the weaker yen
Pharmaceuticals	39.2	27.6	-11.6	<ul style="list-style-type: none"> • Decline in shipments of existing products due to generic entry • NHI price revision in Japan • Increase in shipments of Latuda® in North America
Others & Adjustments	-9.8	-9.8	0.1	
Total	71.2	71.4	0.2	

Extraordinary Gains / Losses

Unit: billions of yen

	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)	Difference
Gain on sale of property, plant and equipment	2.1	16.2	14.2
Gain on sale of investment securities	3.3	3.7	0.5
Compensation income for damage	-	1.7	1.7
Gain on negative goodwill	1.7	-	-1.7
Fair value adjustment of contingent consideration	1.1	-	-1.1
Extraordinary Gains	8.1	21.7	13.6
Restructuring charges	9.0	15.3	6.2
Impairment loss	7.7	5.1	-2.5
Loss on valuation of investment securities	1.0	-	-1.0
Extraordinary Losses	17.7	20.4	2.7
Extraordinary Gains / Losses	-9.6	1.3	10.9

Consolidated Balance Sheets

Unit; billions of yen

	31-Mar-14	31-Dec-14	Difference		31-Mar-14	31-Dec-14	Difference
Current Assets	1,242.5	1,455.9	213.4	Liabilities	1,854.0	1,999.1	145.1
Cash and cash equivalents	132.3	219.7	87.4	Trade notes and accounts payable	296.1	280.4	-15.7
Trade notes and accounts receivable	448.4	432.1	-16.3	Interest-bearing Liabilities	1,074.6	1,246.9	172.3
Inventories	429.5	473.8	44.4	Others	483.3	471.8	-11.5
Others	232.3	330.3	97.9	Net Assets	934.5	1,077.8	143.3
Non-current Assets	1,546.0	1,620.9	75.0	Shareholders' equity	549.2	577.1	27.8
Property, plant and equipment	722.8	727.0	4.1	Accumulated other comprehensive income	94.0	173.8	79.8
Intangible assets	195.4	213.7	18.4	Minority interests	291.2	326.9	35.7
Investment and other assets	627.8	680.3	52.5				
Total	2,788.5	3,076.8	288.3	Total	2,788.5	3,076.8	288.3

Shareholders' equity ratio	23.1%	24.4%	1.3%
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Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)	Difference
Cash flows from operating activities	94.0	-12.7	-106.7
Cash flows from investing activities	-124.4	-32.5	91.9
Free cash flows	-30.4	-45.2	-14.8
Cash flows from financing activities	57.3	112.5	55.1
Effect of exchange rate changes on cash and cash equivalents	18.3	19.5	1.3
Net change in cash and cash equivalents	45.2	86.8	41.6
Cash and cash equivalents (at December 31)	162.7	219.7	57.0

Major Subsidiaries

Company	Net Sales		Profit Trends
	FY2013 3rd Quarter (year to date)	FY2014 3rd Quarter (year to date)	
The Polyolefin Company (Singapore) (millions of USD)	998	1,134	Increased due to higher sales volume and better margins
Petrochemical Corporation of Singapore (millions of USD)	2,637	2,757	Increased due to higher sales volume and better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	36,925	43,090	Increased due to higher sales volume as a result of the stable operations
Dongwoo Fine-Chem (billions of KRW)	1,577	1,616	Remained unchanged due to higher sales volume despite lower selling price
Valent U.S.A. and Subsidiaries (millions of USD)	541	551	Increased due to higher sales volume and other factors



(Reference : Segment Information)

Net Sales by Business Segments (Quarterly)

	FY2013				FY2014			Unit; billions of yen	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	FY2014 (estimated)	
								1st Half	2nd Half (estimated)
Basic Chemicals	66.8	70.1	68.3	81.7	73.5	81.4	75.5	155.0	165.0
Petrochemicals	177.4	191.5	202.5	220.6	199.1	207.5	208.6	406.7	373.3
IT-related Chemicals	86.1	95.7	91.7	88.7	98.1	96.6	103.6	194.7	205.3
Health & Crop Sciences	76.0	63.5	67.7	119.8	77.4	72.1	81.5	149.5	210.5
Pharmaceuticals	97.6	99.6	110.7	110.9	97.8	96.6	108.7	194.4	205.6
Others & Adjustments	11.7	14.8	14.5	15.9	11.0	17.2	16.8	28.2	31.8
Total	515.5	535.3	555.4	637.5	556.9	571.5	594.5	1,128.4	1,191.6

Operating Income by Business Segments (Quarterly)

	FY2013				FY2014			Unit; billions of yen	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	FY2014 (estimated)	
								1st Half	2nd Half (estimated)
Basic Chemicals	-2.1	-2.7	-2.7	-3.4	-3.3	-0.6	1.4	-3.9	-3.1
Petrochemicals	2.1	1.7	1.6	-0.5	2.2	2.3	5.0	4.5	7.5
IT-related Chemicals	10.0	11.7	7.5	5.7	8.8	5.7	9.3	14.5	20.5
Health & Crop Sciences	8.1	3.4	3.1	23.5	5.9	5.5	11.4	11.4	34.6
Pharmaceuticals	10.7	9.9	18.6	7.9	10.2	5.2	12.1	15.4	10.6
Others & Adjustments	-4.4	-2.3	-3.2	-3.6	-4.7	-1.0	-4.0	-5.8	-1.2
Total	24.6	21.7	24.8	29.7	19.1	17.1	35.2	36.2	68.8