



Financial Results & Outlook for FY2015



May 12, 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.

Contents

1. Consolidated Financial Results for FY2014 Ended March 31, 2015		(Reference: Segment Information)	
■ Financial Summary	2	■ Net Sales	
■ Net Sales by Business Segments	3	by Business Segments (Quarterly)	21
■ Operating Income by Business Segments	5	■ Operating Income	
■ Major Cost Elements	7	by Business Segments (Quarterly)	23
■ Extraordinary Gains / Losses	8	■ Capital Expenditures	
■ Consolidated Balance Sheets	9	by Business Segments	25
■ Consolidated Statements of Cash Flows	10	■ Depreciation and Amortization	
■ Major Subsidiaries	11	by Business Segments	26
		■ Research & Development Expenses	
2. Outlook for FY2015		by Business Segments	27
■ Financial Summary	13	■ Estimated Capital Expenditures	
■ Net Sales by Business Segments	14	by Business Segments	28
■ Operating Income by Business Segments	16	■ Estimated Depreciation and	
■ Major Cost Elements	18	Amortization by Business Segments	29
■ Consolidated Statements of Cash Flows	19	■ Estimated Research & Development	
		Expenses by Business Segments	30

1. Consolidated Financial Results for FY2014 Ended March 31, 2015



Financial Summary

Unit; billions of yen

	FY2013	FY2014	Difference	Ratio
Net Sales	2,243.8	2,376.7	132.9	5.9%
Operating Income	100.8	127.3	26.5	26.3%
(Equity in earnings of affiliates, included in ordinary income)	(12.0)	(23.9)	(11.9)	99.0%
(Net gain on foreign currency transactions, included in ordinary income)	(4.8)	(10.0)	(5.1)	105.9%
Ordinary Income	111.1	157.4	46.3	41.7%
(Extraordinary Gain / Loss)	(-24.9)	(-40.7)	(-15.8)	-
(Income taxes)	(-31.2)	(-45.6)	(-14.4)	-
(Minority interests in income)	(-18.0)	(-18.9)	(-0.9)	-
Net Income	37.0	52.2	15.2	41.1%
ROE	6.5%	7.3%		
Exchange Rate (yen/USD)	100.17	109.76		
Naphtha Price (yen/KL)	67,300	63,500		

Net Sales by Business Segments I

Unit; billions of yen

	FY2013	FY2014	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Basic Chemicals	286.9	312.0	25.1	8.7%	12.5	6.6	6.0
Petrochemicals	792.0	806.2	14.1	1.8%	-15.0	-2.2	31.3
IT-related Chemicals	362.3	405.1	42.9	11.8%	-40.0	48.8	34.1
Health & Crop Sciences	327.0	362.4	35.4	10.8%	7.5	13.9	14.0
Pharmaceuticals	418.8	403.6	-15.2	-3.6%	-9.0	-19.8	13.6
Others & Adjustments	56.8	87.5	30.6	53.9%	0	30.6	0
Total	2,243.8	2,376.7	132.9	5.9%	-44.0	77.9	99.0
Overseas Operations	1,292.9	1,428.4	135.5	10.5%			
Overseas Ratio	57.6%	60.1%					

Net Sales by Business Segments II

Unit; billions of yen

	FY2013	FY2014	Difference	Main Factors
Basic Chemicals	286.9	312.0	25.1	<ul style="list-style-type: none"> • Higher market price for MMA and increase in shipments of MMA • Higher market price for aluminum
Petrochemicals	792.0	806.2	14.1	<ul style="list-style-type: none"> • Change in commercial distribution of Petro Rabigh's petrochemical products • Increase in shipments of synthetic resins • Positive effect of the weaker yen
IT-related Chemicals	362.3	405.1	42.9	<ul style="list-style-type: none"> • Decline in selling price of polarizing film and touchscreen panels • Increase in shipments of polarizing film and touchscreen panels due to growth in demand • Positive effect of the weaker yen
Health & Crop Sciences	327.0	362.4	35.4	<ul style="list-style-type: none"> • Higher market price for feed additive methionine • Sales expansion of crop protection chemicals overseas
Pharmaceuticals	418.8	403.6	-15.2	<ul style="list-style-type: none"> • Decline in shipments of existing products due to generic entry • NHI price revision in Japan • Sales expansion of Latuda® in North America
Others & Adjustments	56.8	87.5	30.6	
Total	2,243.8	2,376.7	132.9	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2013	FY2014					
Basic Chemicals	-10.9	-0.4	10.5	10.0	1.5	-1.0	10.5
Petrochemicals	4.9	21.2	16.3	11.0	-0.5	5.8	16.3
IT-related Chemicals	34.9	32.4	-2.5	-34.0	5.5	26.0	-2.5
Health & Crop Sciences	38.2	56.9	18.7	6.5	0.5	11.7	18.7
Pharmaceuticals	47.1	29.0	-18.1	-9.0	6.0	-15.1	-18.1
Others & Adjustments	-13.4	-11.8	1.6	0	-1.5	3.1	1.6
Total	100.8	127.3	26.5	-15.5	11.5	30.5	26.5

Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2013	FY2014		
Basic Chemicals	-10.9	-0.4	10.5	<ul style="list-style-type: none"> • Better margins for MMA and increase in shipments of MMA
Petrochemicals	4.9	21.2	16.3	<ul style="list-style-type: none"> • Better margins for petrochemical products and synthetic resins • Temporary license revenue from Petro Rabigh
IT-related Chemicals	34.9	32.4	-2.5	<ul style="list-style-type: none"> • Decline in selling prices of polarizing film and touchscreen panels • Increase in shipments of polarizing film and touchscreen panels due to growth in demand • Positive effect of the weaker yen
Health & Crop Sciences	38.2	56.9	18.7	<ul style="list-style-type: none"> • Higher market price for feed additive methionine • Sales expansion of crop protection chemicals overseas • Positive effect of the weaker yen
Pharmaceuticals	47.1	29.0	-18.1	<ul style="list-style-type: none"> • Decline in shipments of existing products due to generic entry • NHI price revision in Japan • Sales expansion of Latuda® in North America
Others & Adjustments	-13.4	-11.8	1.6	
Total	100.8	127.3	26.5	

Major Cost Elements

Unit; billions of yen

	FY2013	FY2014	Difference
Labor Costs	287.1	303.5	16.4
Maintenance Costs	56.8	55.5	-1.3
Depreciation and Amortization	115.7	119.2	3.4
Research & Development Expenses	141.3	147.9	6.6
Capital Expenditures	143.4	84.2	-59.3
Number of employees (as of March 31)	30,745	31,039	294

Extraordinary Gains / Losses

Unit: billions of yen

	FY2013	FY2014	Difference
Gain on sale of property, plant and equipment	2.6	16.2	13.7
Gain on sale of investment securities	3.4	4.1	0.7
Others	3.0	4.4	1.4
Extraordinary Gains	9.0	24.7	15.7
Impairment loss	21.8	33.3	11.4
Restructuring charges	10.6	32.2	21.5
Loss on valuation of investment securities	1.5	-	-1.5
Extraordinary Losses	33.9	65.5	31.5
Extraordinary Gains / Losses	-24.9	-40.7	-15.8

Consolidated Balance Sheets

Unit; billions of yen

	31-Mar-14	31-Mar-15	Difference		31-Mar-14	31-Mar-15	Difference
Current Assets	1,242.5	1,260.9	18.4	Liabilities	1,854.0	1,762.2	-91.8
Cash and cash equivalents	132.3	202.0	69.7	Trade notes and accounts payable	296.1	258.2	-37.9
Trade notes and accounts receivable	448.4	456.1	7.6	Interest-bearing Liabilities	1,074.6	980.2	-94.4
Inventories	429.5	439.9	10.4	Others	483.3	523.8	40.5
Others	232.3	163.0	-69.4	Net Assets	934.5	1,118.2	183.7
Non-current Assets	1,546.0	1,619.5	73.5	Shareholders' equity	549.2	582.0	32.7
Property, plant and equipment	722.8	694.4	-28.4	Accumulated other comprehensive income	94.0	209.4	115.3
Intangible assets	195.4	204.1	8.7	Minority interests	291.2	326.9	35.7
Investment and other assets	627.8	721.0	93.2				
Total	2,788.5	2,880.4	91.9	Total	2,788.5	2,880.4	91.9

Shareholders' equity ratio	23.1%	27.5%	4.4%
----------------------------	-------	-------	------

Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2013	FY2014	Difference
Cash flows from operating activities	194.4	260.9	66.5
Cash flows from investing activities	-135.2	-56.6	78.5
Free cash flows	59.2	204.2	145.0
Cash flows from financing activities	-59.1	-151.5	-92.4
Effect of exchange rate changes on cash and cash equivalents	14.7	16.3	1.6
Net change in cash and cash equivalents	14.8	69.1	54.3
Cash and cash equivalents at the end of year	132.3	202.0	69.7

Major Subsidiaries

Company	Net Sales		Profit Trends
	FY2013	FY2014	
The Polyolefin Company (Singapore) (millions of USD)	1,361	1,445	Increased due to higher sales volume and better margins
Petrochemical Corporation of Singapore (millions of USD)	3,605	3,351	Increased due to higher sales volume and better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	50,598	54,237	Increased due to higher sales volume as a result of the stable operations
Dongwoo Fine-Chem (billions of KRW)	2,077	2,164	Increased due to higher sales volume and other factors despite lower selling price
Valent U.S.A. and Subsidiaries (millions of USD)	804	871	Increased due to higher sales volume and other factors



2. Outlook for FY2015

Financial Summary

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference	Ratio
Net Sales	2,376.7	2,250.0	-126.7	-5.3%
Operating Income	127.3	145.0	17.7	13.9%
(Equity in earnings of affiliates, included in ordinary income)	(23.9)	(24.0)	(0.1)	0.3%
Ordinary Income	157.4	160.0	2.6	1.6%
Net Income	52.2	80.0	27.8	53.3%
ROE	7.3%	10.0%		
Exchange Rate (yen/USD)	109.76	115.00		
Naphtha Price (yen/KL)	63,500	47,000		

*Net income in FY2015 (estimated): Net income attributable to Owner of the Parent.

Net Sales by Business Segments I

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals	932.3	715.0	-217.3	-23.3%	-117.0	-112.3	12.0
Energy & Functional Materials	202.8	200.0	-2.8	-1.4%	1.0	-4.6	0.8
IT-related Chemicals	405.1	470.0	64.9	16.0%	-28.5	82.7	10.7
Health & Crop Sciences	345.4	385.0	39.6	11.5%	-6.0	39.5	6.1
Pharmaceuticals	403.6	425.0	21.4	5.3%	0	12.9	8.5
Others & Adjustments	87.5	55.0	-32.5	-37.1%	0	-32.5	0
Total	2,376.7	2,250.0	-126.7	-5.3%	-150.5	-14.3	38.1

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Net Sales by Business Segments II

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference	Main Factors
Petrochemicals	932.3	715.0	-217.3	<ul style="list-style-type: none"> • Decline in market prices for petrochemical products and synthetic resins due to lower feedstock prices • Decrease in shipments of petrochemical products and synthetic resins due to periodical maintenance shutdowns
Energy & Functional Materials	202.8	200.0	-2.8	<ul style="list-style-type: none"> • Decrease in shipments of Aluminum • Sales expansion of S-SBR and high-purity alumina
IT-related Chemicals	405.1	470.0	64.9	<ul style="list-style-type: none"> • Increase in shipments of polarizing film and touchscreen panels • Decline in selling prices of polarizing film and touchscreen panels
Health & Crop Sciences	345.4	385.0	39.6	<ul style="list-style-type: none"> • Increase in shipments of herbicides and other crop protection chemicals
Pharmaceuticals	403.6	425.0	21.4	<ul style="list-style-type: none"> • Sales expansion of Latuda® in North America
Others & Adjustments	87.5	55.0	-32.5	
Total	2,376.7	2,250.0	-126.7	

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2014	FY2015 (estimated)					
Petrochemicals	20.8	17.0	-3.8	-10.5	7.5	-0.8	-3.8
Energy & Functional Materials	0.8	4.0	3.2	-1.0	3.0	1.2	3.2
IT-related Chemicals	32.4	41.0	8.6	-34.0	12.0	30.6	8.6
Health & Crop Sciences	56.1	63.0	6.9	-5.0	-4.0	15.9	6.9
Pharmaceuticals	29.0	32.0	3.0	0	-10.0	13.0	3.0
Others & Adjustments	-11.8	-12.0	-0.2	0	6.5	-6.7	-0.2
Total	127.3	145.0	17.7	-50.5	15.0	53.2	17.7

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2014	FY2015 (estimated)		
Petrochemicals	20.8	17.0	-3.8	<ul style="list-style-type: none"> • Margin erosion in petrochemical products and synthetic resins • Temporary license revenue from Petro Rabigh in the previous year
Energy & Functional Materials	0.8	4.0	3.2	<ul style="list-style-type: none"> • Sales expansion of S-SBR and high-purity alumina • Cost reduction of S-SBR and other products
IT-related Chemicals	32.4	41.0	8.6	<ul style="list-style-type: none"> • Increase in shipments of polarizing film and touchscreen panels
Health & Crop Sciences	56.1	63.0	6.9	<ul style="list-style-type: none"> • Increase in shipments of herbicides and other crop protection chemicals
Pharmaceuticals	29.0	32.0	3.0	<ul style="list-style-type: none"> • Sales expansion of Latuda® in North America • Aggressive investments in R&D activities
Others & Adjustments	-11.8	-12.0	-0.2	
Total	127.3	145.0	17.7	

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Major Cost Elements

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference
Labor Costs	303.5	313.0	9.5
Maintenance Costs	55.5	58.5	3.0
Depreciation and Amortization	119.2	115.0	-4.2
Research & Development Expenses	147.9	163.0	15.1
Capital Expenditures	84.2	98.0	13.9
Number of employees (as of March 31)	31,039	31,600	561

Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference
Cash flows from operating activities	260.9	260.0	-0.9
Cash flows from investing activities	-56.6	-110.0	-53.4
Free cash flows	204.2	150.0	-54.2
Cash flows from financing activities	-151.5	-150.0	1.5
Effect of exchange rate changes on cash and cash equivalents	16.3	0	-16.3
Net change in cash and cash equivalents	69.1	0	-69.1
Interest-Bearing Debt Balance	980.2	850.0	-130.2

(Reference: Segment Information)

Net Sales by Business Segments I (Quarterly)

Unit; billions of yen

	FY2013				FY2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Basic Chemicals	66.8	70.1	68.3	81.7	73.5	81.4	75.5	81.5
Petro-chemicals	177.4	191.5	202.5	220.6	199.1	207.5	208.6	190.9
IT-related Chemicals	86.1	95.7	91.7	88.7	98.1	96.6	103.6	106.9
Health & Crop Sciences	76.0	63.5	67.7	119.8	77.4	72.1	81.5	131.4
Pharmaceuticals	97.6	99.6	110.7	110.9	97.8	96.6	108.7	100.5
Others & Adjustments	11.7	14.8	14.5	15.9	11.0	17.2	16.8	42.5
Total	515.5	535.3	555.4	637.5	556.9	571.5	594.5	653.7

Net Sales by Business Segments II (Quarterly)

Unit; billions of yen

	FY2014				FY2015 (estimated)	
	1Q	2Q	3Q	4Q	1st Half	2nd Half
Petro-chemicals	227.6	243.3	238.3	223.1	365.0	350.0
Energy & Functional Materials	48.6	50.1	50.0	54.1	100.0	100.0
IT-related Chemicals	98.1	96.6	103.6	106.9	235.0	235.0
Health & Crop Sciences	73.8	67.6	77.2	126.8	165.0	220.0
Pharmaceuticals	97.8	96.6	108.7	100.5	210.0	215.0
Others & Adjustments	11.0	17.2	16.8	42.5	25.0	30.0
Total	556.9	571.5	594.5	653.7	1,100.0	1,150.0

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Operating Income by Business Segments I (Quarterly)

Unit; billions of yen

	FY2013				FY2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Basic Chemicals	-2.1	-2.7	-2.7	-3.4	-3.3	-0.6	1.4	2.1
Petrochemicals	2.1	1.7	1.6	-0.5	2.2	2.3	5.0	11.7
IT-related Chemicals	10.0	11.7	7.5	5.7	8.8	5.7	9.3	8.6
Health & Crop Sciences	8.1	3.4	3.1	23.5	5.9	5.5	11.4	34.1
Pharmaceuticals	10.7	9.9	18.6	7.9	10.2	5.2	12.1	1.4
Others & Adjustments	-4.4	-2.3	-3.2	-3.6	-4.7	-1.0	-4.0	-2.0
Total	24.6	21.7	24.8	29.7	19.1	17.1	35.2	56.0

Operating Income by Business Segments II (Quarterly)

Unit; billions of yen

	FY2014				FY2015 (estimated)	
	1Q	2Q	3Q	4Q	1st Half	2nd Half
Petro-chemicals	-0.4	1.8	5.8	13.7	10.5	6.5
Energy & Functional Materials	-0.9	0.1	0.9	0.6	1.5	2.5
IT-related Chemicals	8.8	5.7	9.3	8.6	22.0	19.0
Health & Crop Sciences	6.1	5.3	11.1	33.6	20.5	42.5
Pharmaceuticals	10.2	5.2	12.1	1.4	13.0	19.0
Others & Adjustments	-4.7	-1.0	-4.0	-2.0	-5.5	-6.5
Total	19.1	17.1	35.2	56.0	62.0	83.0

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Capital Expenditures by Business Segments

Unit; billions of yen

	FY2013	FY2014	Difference
Basic Chemicals	22.7	11.9	-10.8
Petrochemicals	17.0	13.2	-3.8
IT-related Chemicals	51.5	17.5	-34.0
Health & Crop Sciences	17.5	16.7	-0.8
Pharmaceuticals	28.7	16.5	-12.1
Others & Adjustments	6.1	8.3	2.2
Total	143.4	84.2	-59.3

Depreciation and Amortization by Business Segments

Unit; billions of yen

	FY2013	FY2014	Difference
Basic Chemicals	18.0	19.0	1.0
Petrochemicals	12.8	14.6	1.8
IT-related Chemicals	25.0	33.2	8.1
Health & Crop Sciences	17.7	16.9	-0.8
Pharmaceuticals	28.1	20.9	-7.2
Others & Adjustments	14.1	14.7	0.6
Total	115.7	119.2	3.4

Research & Development Expenses by Business Segments

Unit; billions of yen

	FY2013	FY2014	Difference
Basic Chemicals	6.4	7.5	1.1
Petrochemicals	7.6	6.6	-1.0
IT-related Chemicals	15.0	16.5	1.5
Health & Crop Sciences	22.9	25.7	2.8
Pharmaceuticals	71.9	72.9	1.1
Others & Adjustments	17.6	18.7	1.2
Total	141.3	147.9	6.6

Estimated Capital Expenditures by Business Segments

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference
Petrochemicals	17.5	32.5	15.0
Energy & Functional Materials	8.0	9.5	1.5
IT-related Chemicals	17.5	12.5	-5.0
Health & Crop Sciences	16.3	15.5	-0.8
Pharmaceuticals	16.5	19.0	2.5
Others & Adjustments	8.3	9.0	0.7
Total	84.2	98.0	13.9

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Estimated Depreciation and Amortization by Business Segments

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference
Petrochemicals	22.6	23.0	0.4
Energy & Functional Materials	12.4	10.0	-2.4
IT-related Chemicals	33.2	35.0	1.9
Health & Crop Sciences	15.4	15.0	-0.4
Pharmaceuticals	20.9	22.0	1.1
Others & Adjustments	14.7	10.0	-4.7
Total	119.2	115.0	-4.2

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.

Estimated Research & Development Expenses by Business Segments

Unit; billions of yen

	FY2014	FY2015 (estimated)	Difference
Petrochemicals	6.7	6.5	-0.2
Energy & Functional Materials	8.2	6.5	-1.7
IT-related Chemicals	16.5	16.5	0.0
Health & Crop Sciences	24.9	28.0	3.1
Pharmaceuticals	72.9	89.0	16.1
Others & Adjustments	18.7	16.5	-2.2
Total	147.9	163.0	15.1

*The figures for the FY2014 have been adjusted owing to the organizational revision as of April 1, 2015.