

Sumitomo Chemical Announces its Full-Year Consolidated Financial Forecast for FY2017 under IFRS and Revisions to its Full-Year Consolidated Financial Forecast for FY2017 under Japanese GAAP (for Reference)

Because Sumitomo Chemical Co. Ltd. has decided to adopt International Financial Reporting Standards (IFRS) in presenting its consolidated financial statements, starting with its full-year results for fiscal 2017 (April 1, 2017 – March 31, 2018), it has announced its full-year consolidated financial forecast for fiscal 2017 (April 1, 2017 – March 31, 2018) under IFRS, as detailed below.

In addition, based on recent performance trends, it has also announced revisions to its full-year consolidated financial forecast for fiscal 2017 (April 1, 2017 – March 31, 2018) under Japanese GAAP (for reference), which was previously announced November 1, 2017, as is also detailed below.

1. Full-Year Consolidated Financial Forecast for Fiscal 2017 (April 1, 2017 – March 31, 2018) under IFRS
(Millions of yen)

	Sales revenue	Core Operating Income *1	Operating Income	Net income attributable to owners of the parent	Earnings per Share (yen)
Previous Forecast (A)	—	—	—	—	—
Revised Forecast (B)	2,190,000	262,000	250,000	133,000	81.34
Variance in Amount (B-A)	—	—	—	—	
Variance in Percentage (%)	—	—	—	—	
Previous year results (Fiscal 2016)	—	—	—	—	—

*1. Compared with operating income under IFRS, "Core Operating Income" excludes extraordinary gains and losses. Compared with Japanese GAAP, among other effects, it includes share of profit of investments accounted for using the equity method, does not amortize goodwill, and records upfront contractual payments for in-licensed pharmaceutical products as intangible assets, which serves to reduce selling, general and administrative expenses.

Financial Forecast by Segment (Millions of yen)

	Sales revenue	Core Operating Income
Petrochemicals & Plastics	674,000	94,500
Energy & Functional Materials	251,000	19,000
IT-related Chemicals	369,000	12,000
Health & Crop Sciences	339,000	43,500
Pharmaceuticals	500,000	94,500
Others	57,000	11,000
Adjustments	—	-12,500
Total	2,190,000	262,000

2. Full-Year Consolidated Financial Forecast for Fiscal 2017 (April 1, 2017 – March 31, 2018)

under Japanese GAAP (for reference)

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent	Earnings per Share (yen)
Previous Forecast (A)	2,210,000	185,000	215,000	120,000	73.43
Revised Forecast (B) *2	2,216,000	178,000	223,000	126,000	77.11
Variance in Amount (B-A)	6,000	-7,000	8,000	6,000	
Variance in Percentage (%)	0.3	-3.8	3.7	5.0	
Previous year results (Fiscal 2016)	1,954,283	134,336	166,632	85,482	52.31

*2. Because the Company will use IFRS for its full-year financial results for fiscal 2017, full-year figures for fiscal 2017 under Japanese GAAP (for reference) will be unaudited.

(Reasons for the Revision)

Full-Year Consolidated Financial Forecast for Fiscal 2017 (April 1, 2017 – March 31, 2018) under Japanese GAAP (for reference)

Although market conditions have remained strong in the Petrochemicals & Plastics Sector and the Energy & Functional Materials Sector, operating income is expected to fall below the previous forecast because shipments have declined in the IT-related Chemicals Sector and Health & Crop Sciences Sector, and because of higher selling, general and administrative expenses, research and development expenses, and other factors in the Pharmaceuticals Sector.

Ordinary income and net income attributable to owners of the parent are expected to exceed the previous forecast because of higher equity in earnings of affiliates and other factors, despite the anticipated decline in operating income.

Cautionary Statement

Statements made in this document 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.