

Financial Results for FY2019 First Quarter

July 31, 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 FY2019 First Quarter

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(Reference: Segment Information)

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Financial Results for FY2019 First Quarter

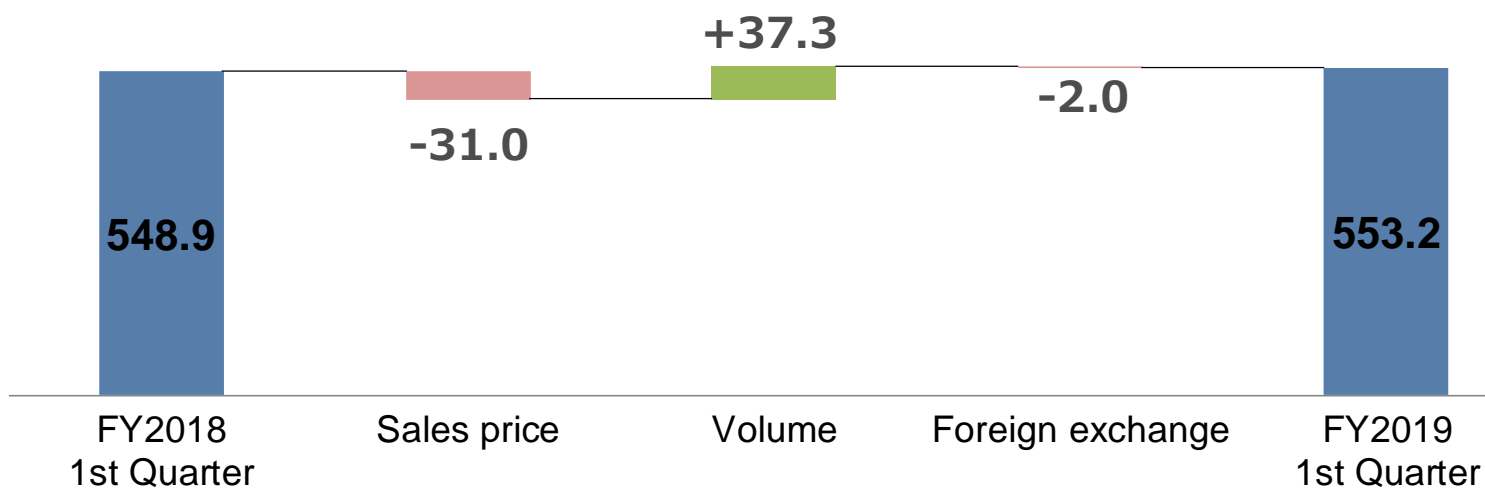
Unit; Billions of yen

| | FY2018 1st Quarter | FY2019 1st Quarter | Difference | Ratio |
|---|-----------------------|------------------------------|--------------------------------|-------------------|
| Sales revenue | 548.9 | 553.2 | 4.3 | 0.8% |
| Core operating income (Equity in earnings) | 48.2 (13.4) | 44.3 (8.2) | -3.9 (-5.1) | -8.1% - |
| Non-recurring items | -4.1 | 18.1 | 22.2 | - |
| Operating income | 44.1 | 62.4 | 18.3 | 41.5% |
| Finance income/expenses (Gain/loss on foreign currency transactions) | 7.6 (6.8) | -5.5 (-7.1) | -13.1 (-13.9) | - - |
| Income tax expenses | -10.6 | -36.5 | -25.9 | - |
| Net income attributable to non-controlling interests | -11.1 | -5.9 | 5.3 | - |
| Net income attributable to owners of the parent | 30.0 | 14.5 | -15.5 | -51.6% |
| ROE | 3.2% | 1.5% | | |
| Exchange rate(yen/\$) | 109.10 | 109.90 | | |
| Naphtha price(yen/KL) | 48,700 | 45,500 | | |
| Overseas sales revenue ratio | 63.6% | 66.6% | | |

Unit; Billions of yen

| | FY2018 1st Quarter | FY2019 1st Quarter | Difference | Ratio | Sales price variance | Shipping volume variance | Foreign currency conversion variance |
|-------------------------------|-----------------------|-----------------------|------------|-------------|----------------------------|--------------------------------|---|
| Petrochemicals & Plastics | 185.6 | 177.5 | -8.1 | -4.4% | -20.0 | 11.8 | 0.1 |
| Energy & Functional Materials | 68.5 | 64.9 | -3.6 | -5.3% | -3.5 | 0.6 | -0.8 |
| IT-related Chemicals | 89.2 | 102.5 | 13.3 | 14.9% | -5.0 | 18.3 | 0.0 |
| Health & Crop Sciences | 69.4 | 71.9 | 2.5 | 3.7% | -2.5 | 6.4 | -1.4 |
| Pharmaceuticals | 124.3 | 125.8 | 1.5 | 1.2% | 0.0 | 1.5 | 0.0 |
| Others & Adjustments | 11.9 | 10.7 | -1.3 | -10.6% | 0.0 | -1.3 | 0.0 |
| Total | 548.9 | 553.2 | 4.3 | 0.8% | -31.0 | 37.3 | -2.0 |

Analysis



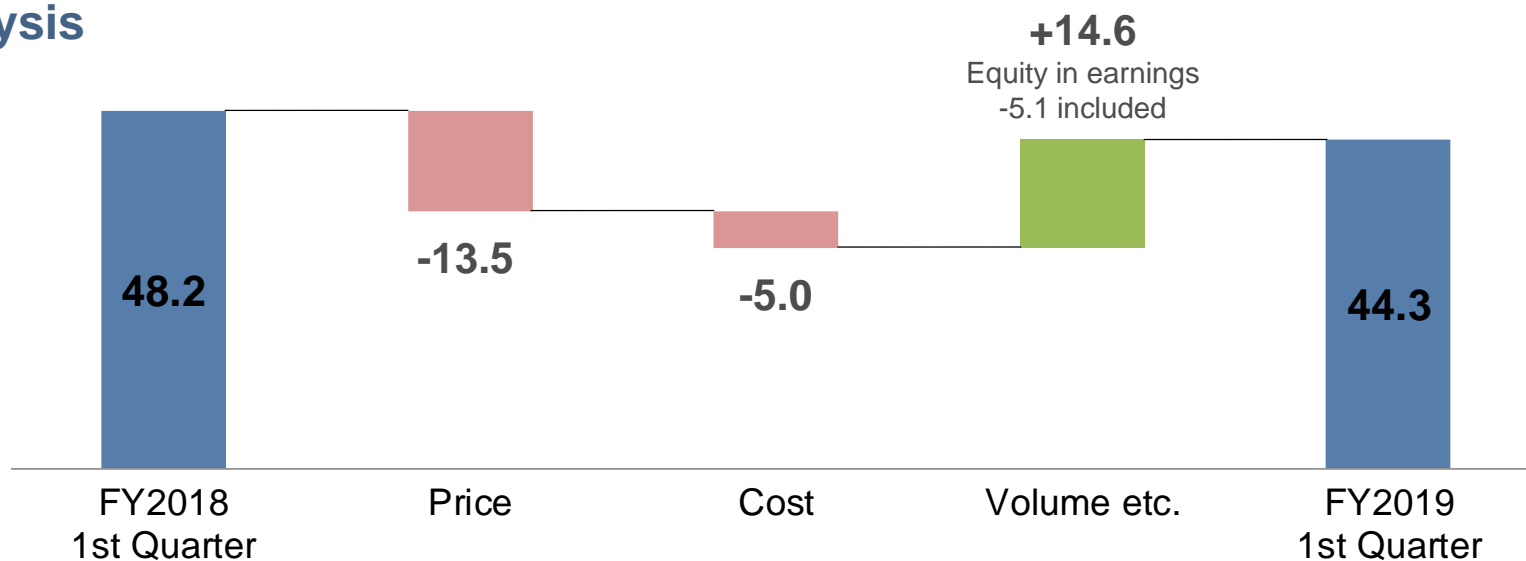
Core Operating Income by Business Segment

6

Unit; Billions of yen

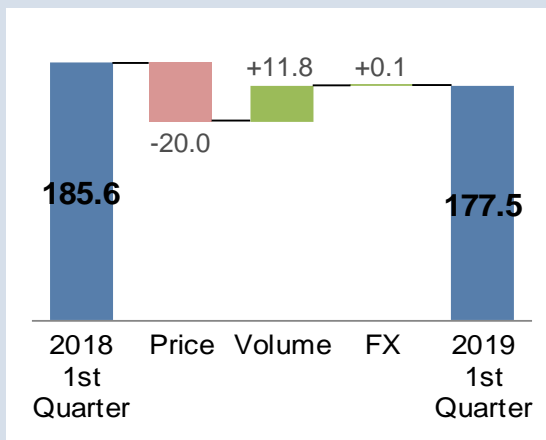
| | FY2018 1st Quarter | FY2019 1st Quarter | Difference | Price variance | Cost variance | Shipping volume variance and other | Total |
|-------------------------------|-----------------------|-----------------------|-------------|-------------------|------------------|---|-------------|
| Petrochemicals & Plastics | 17.8 | 13.0 | -4.9 | -5.0 | -0.5 | 0.6 | -4.9 |
| Energy & Functional Materials | 5.9 | 5.6 | -0.3 | -1.0 | -1.0 | 1.7 | -0.3 |
| IT-related Chemicals | 4.3 | 7.8 | 3.5 | -5.0 | -2.0 | 10.5 | 3.5 |
| Health & Crop Sciences | 2.6 | -4.6 | -7.2 | -2.5 | -3.5 | -1.2 | -7.2 |
| Pharmaceuticals | 19.7 | 23.0 | 3.3 | 0.0 | 2.0 | 1.3 | 3.3 |
| Others & Adjustments | -2.1 | -0.5 | 1.6 | 0.0 | 0.0 | 1.6 | 1.6 |
| Total | 48.2 | 44.3 | -3.9 | -13.5 | -5.0 | 14.6 | -3.9 |

Analysis



Sales Revenue

Total ¥177.5 billion (-8.1 from FY2018 1st Quarter)



Sales price

-20.0

- Lower market prices

Volume

+11.8

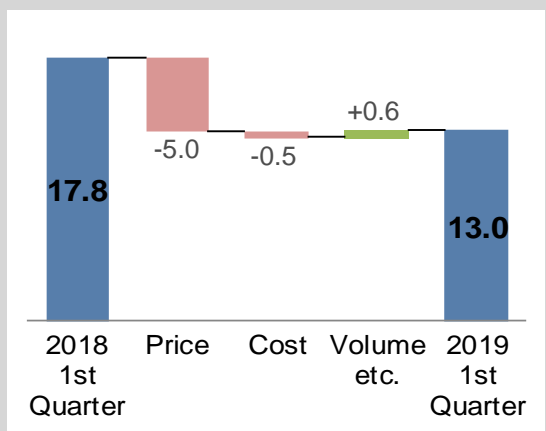
- Increase in shipment of Rabigh products

Foreign exchange

+0.1

Core Operating Income

Total ¥13.0 billion (-4.9 from FY2018 1st Quarter)



Price variance

-5.0

- Decrease in profit margin on MMA and synthetic resins

Cost variance

-0.5

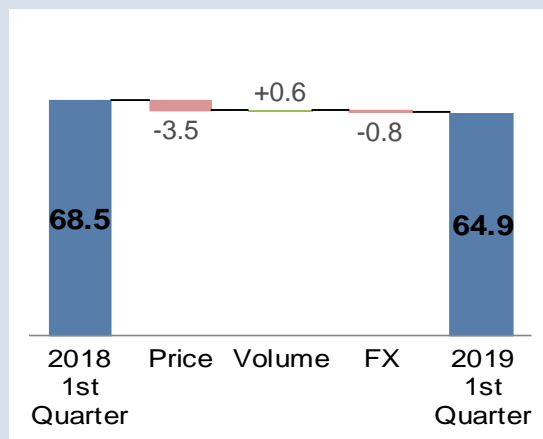
Volume variance etc.

+0.6

- Increase in shipment volume after the FY2018 periodic plant maintenance in the Chiba works
- Decrease in equity in earnings of affiliates

Sales Revenue

Total ¥64.9 billion (-3.6 from FY2018 1st Quarter)



Sales price

-3.5

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

Volume

+0.6

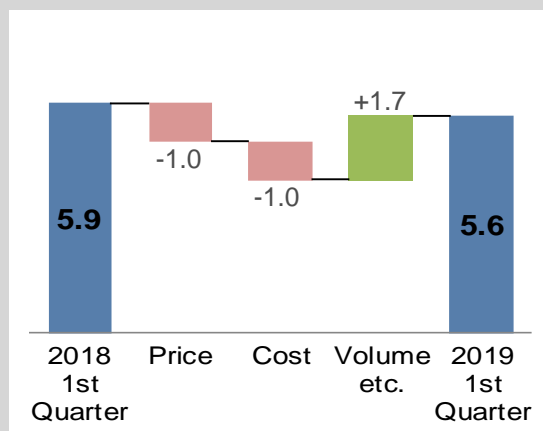
- Increase in shipment of lithium-ion secondary battery separator

Foreign exchange

-0.8

Core Operating Income

Total ¥5.6 billion (-0.3 from FY2018 1st Quarter)



Price variance

-1.0

- Decrease in profit margin on aluminum

Cost variance

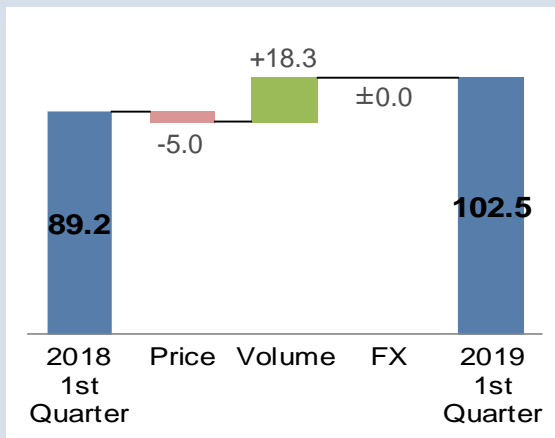
-1.0

Volume variance etc.

+1.7

- Increase in shipment volume after the FY2018 periodic plant maintenance in the Chiba works
- Increase in shipment of lithium-ion secondary battery separator

Sales Revenue



Total ¥102.5 billion (+13.3 from FY2018 1st Quarter)

Sales price

-5.0

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

Volume

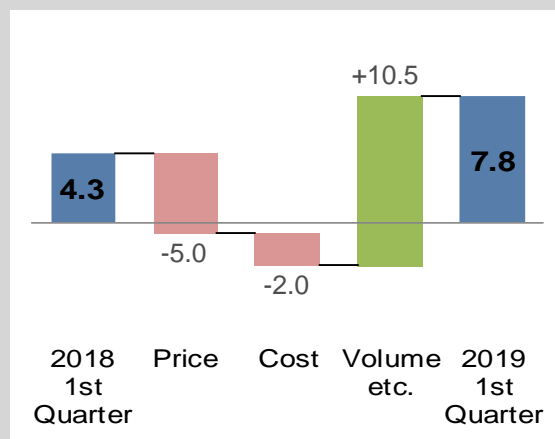
+18.3

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

Foreign exchange

0.0

Core Operating Income



Total ¥7.8 billion (+3.5 from FY2018 1st Quarter)

Price variance

-5.0

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

Cost variance

-2.0

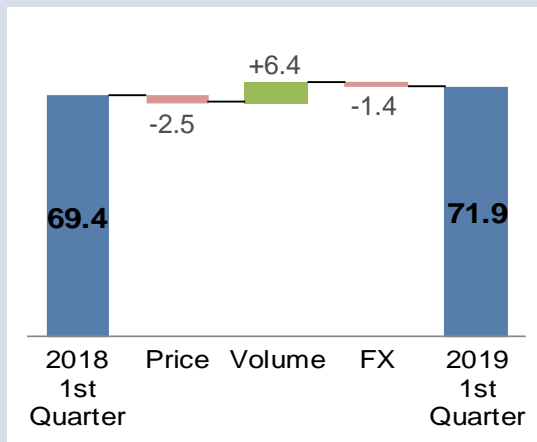
Volume variance etc.

+10.5

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

Sales Revenue

Total ¥71.9 billion (+2.5 from FY2018 1st Quarter)



Sales price

-2.5

- Lower market price for feed additive methionine

Volume

+6.4

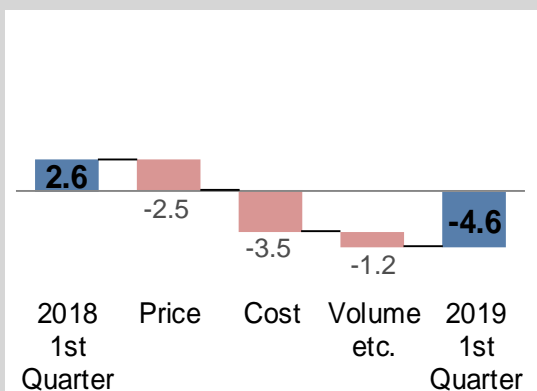
- Increase in shipments of feed additive methionine due to the expansion of production capacity

Foreign exchange

-1.4

Core Operating Income

Total ¥-4.6 billion (-7.2 from FY2018 1st Quarter)



Price variance

-2.5

- Decrease in profit margin on feed additive methionine

Cost variance

-3.5

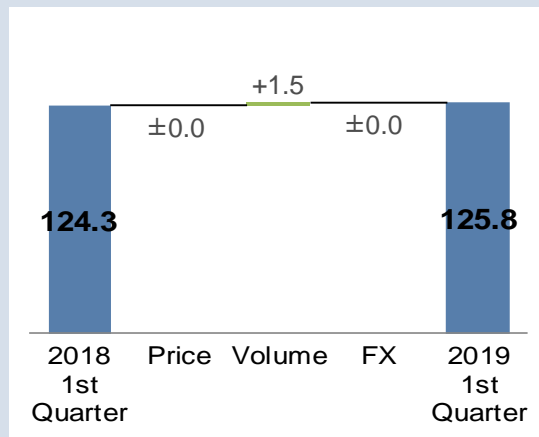
- Launch of new production line of feed additive methionine

Volume variance etc.

-1.2

Sales Revenue

Total ¥125.8 billion (+1.5 from FY2018 1st Quarter)



Sales price

0.0

Volume

+1.5

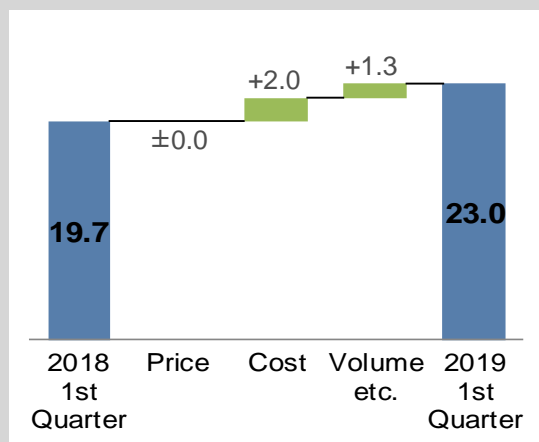
- Increase in shipment of Latuda® in North America
- Decrease in shipment of long-listed brands in Japan

Foreign exchange

0.0

Core Operating Income

Total ¥23.0 billion (+3.3 from FY2018 1st Quarter)



Price variance

0.0

Cost variance

+2.0

- Decrease in sales expense in North America
- Decrease in R&D expenses

Volume variance etc.

+1.3

- Increase in shipment of Latuda® in North America

Unit; Billions of yen

| | FY2018 1st Quarter | FY2019 1st Quarter | Difference |
|---|-----------------------|-----------------------|------------|
| Changes in fair value of contingent consideration | -2.5 | 18.5 | 21.0 |
| Restructuring charges | -0.6 | -1.3 | -0.7 |
| Others | -1.0 | 0.9 | 2.0 |
| Non-recurring items | -4.1 | 18.1 | 22.2 |

| | | | | Unit; Billions of yen | | | |
|--------------------------------|-----------|----------------|--------------|---|-----------|----------------|--------------|
| | 31-Mar-19 | 30-Jun-19 | Difference | | 31-Mar-19 | 30-Jun-19 | Difference |
| Current assets | 1,291.2 | 1,342.0 | 50.8 | Liabilities | 1,819.7 | 1,926.5 | 106.7 |
| Cash and cash equivalents | 201.7 | 244.8 | 43.2 | Trade and other payables | 482.9 | 462.5 | -20.3 |
| Trade and other receivables | 550.0 | 544.1 | -5.9 | Interest-bearing Liabilities | 839.5 | 950.9 | 111.4 |
| Inventories | 489.3 | 493.4 | 4.1 | Others | 497.3 | 513.0 | 15.7 |
| Others | 50.3 | 59.7 | 9.4 | Equity | 1,351.9 | 1,309.4 | -42.4 |
| Non-current assets | 1,880.4 | 1,893.9 | 13.5 | Shareholders' equity | 922.3 | 918.8 | -3.5 |
| Property, plant and equipment | 735.9 | 789.0 | 53.1 | Other components of equity | 76.4 | 46.8 | -29.7 |
| Goodwill and Intangible assets | 343.5 | 336.5 | -7.0 | Non-controlling interests | 353.2 | 343.9 | -9.3 |
| Others | 801.0 | 768.4 | -32.5 | | | | |
| Total | 3,171.6 | 3,235.9 | 64.3 | Total | 3,171.6 | 3,235.9 | 64.3 |
| | | | | Equity attributable to owners of parent to total assets | 31.5% | 29.8% | -1.7% |
| | | | | D/E ratio (times) | 0.6 | 0.7 | 0.1 |

Unit; Billions of yen

| | FY2018 1st Quarter | FY2019 1st Quarter | Difference |
|--|-----------------------|-----------------------|------------|
| Cash flows from operating activities | -17.2 | 0.4 | 17.5 |
| Cash flows from investing activities | -41.7 | -35.9 | 5.8 |
| Free cash flows | -58.9 | -35.6 | 23.3 |
| Cash flows from financing activities | 58.6 | 85.4 | 26.9 |
| Effect of exchange rate changes on cash and cash equivalents | 3.4 | -6.7 | -10.1 |
| Net change in cash and cash equivalents | 3.1 | 43.2 | 40.1 |
| Cash and cash equivalents at end of period | 235.0 | 244.8 | 9.8 |

(Reference: Segment Information)

Unit; Billions of yen

| | FY2018 | | | | FY2019 | FY2019 (Estimated) | |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 1st Half | 2nd Half |
| Petrochemicals & Plastics | 185.6 | 194.8 | 196.5 | 180.6 | 177.5 | 385.0 | 380.0 |
| Energy & Functional Materials | 68.5 | 72.3 | 73.8 | 68.2 | 64.9 | 150.0 | 160.0 |
| IT-related Chemicals | 89.2 | 106.3 | 105.5 | 95.9 | 102.5 | 210.0 | 215.0 |
| Health & Crop Sciences | 69.4 | 68.8 | 74.5 | 125.4 | 71.9 | 165.0 | 225.0 |
| Pharmaceuticals | 124.3 | 118.4 | 129.1 | 120.3 | 125.8 | 245.0 | 250.0 |
| Others & Adjustments | 11.9 | 12.7 | 12.6 | 14.0 | 10.7 | 25.0 | 30.0 |
| Total | 548.9 | 573.2 | 592.0 | 604.4 | 553.2 | 1,180.0 | 1,260.0 |

Unit; Billions of yen

| | FY2018 | | | | FY2019 | FY2019 (Estimated) | |
|-------------------------------|--------|------|------|------|--------|--------------------|----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 1st Half | 2nd Half |
| Petrochemicals & Plastics | 17.8 | 17.6 | 16.4 | 9.8 | 13.0 | 19.0 | 21.0 |
| Energy & Functional Materials | 5.9 | 6.9 | 7.4 | 2.8 | 5.6 | 12.5 | 12.5 |
| IT-related Chemicals | 4.3 | 10.5 | 7.5 | 3.9 | 7.8 | 13.5 | 13.5 |
| Health & Crop Sciences | 2.6 | -0.2 | 1.5 | 15.8 | -4.6 | 0.0 | 37.0 |
| Pharmaceuticals | 19.7 | 19.6 | 20.0 | 21.5 | 23.0 | 40.0 | 41.0 |
| Others & Adjustments | -2.1 | -0.6 | 0.1 | -4.4 | -0.5 | -5.0 | 0.0 |
| Total | 48.2 | 53.9 | 52.8 | 49.3 | 44.3 | 80.0 | 125.0 |

| Company | Sales revenue | | Profit trends |
|--|-----------------------|-----------------------|--|
| | FY2018 1st Quarter | FY2019 1st Quarter | |
| The Polyolefin Company (Singapore) (Millions of USD) | 292 | 280 | ↗ Due to slightly Improved profit margins. |
| Petrochemical Corporation of Singapore (Millions of USD) | 762 | 639 | ↘ Due to a deterioration in profit margins. |
| Rabigh Refining and Petrochemical Company (Millions of SAR) | 9,856 | 8,428 | ↘ Lower margin on oil refining. |
| Dongwoo Fine-Chem (Billions of KRW) | 517.1 | 653.6 | ↗ Increased due to higher sales volume and foreign exchange despite lower selling price. |
| Valent U.S.A. and Subsidiaries (Millions of USD) | 153 | 158 | ↗ Due to shipment timing difference. |