

Financial Results for FY2017 First Quarter

August 1, 2017



(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 FY2017 First Quarter

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(Reference)

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Financial Results for FY2017 First Quarter

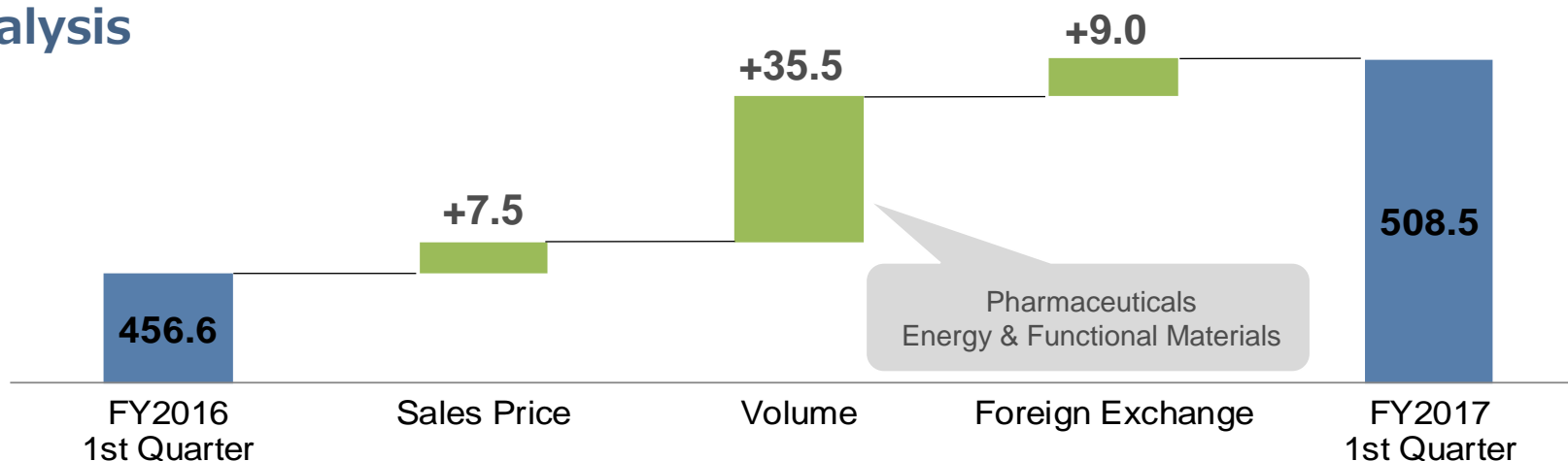
Unit: billions of yen

	FY2016 1st Quarter	FY2017 1st Quarter	Difference	Ratio
Net sales	456.6	508.5	52.0	11.4%
Operating income	25.3	37.6	12.3	48.6%
(Equity in earnings of affiliates)	(10.2)	(7.7)	(-2.5)	-
(Net exchange gain / loss)	(-9.3)	(0.5)	(9.8)	-
Ordinary income	25.8	46.2	20.3	78.7%
(Extraordinary gain / loss)	(-0.5)	(9.1)	(9.6)	-
(Income taxes)	(-4.8)	(-10.4)	(-5.6)	-
Net income	20.6	44.9	24.4	-
(Net income attributable to non-controlling interests)	(-8.4)	(-13.4)	(-5.0)	-
Net income attributable to owners of the parent	12.2	31.6	19.3	158.3%
ROE	1.7%	3.8%		
Exchange rate (yen/USD)	108.04	111.09		
Naphtha price (yen/KL)	31,600	39,000		
Overseas sales ratio	60.6%	62.1%		

Unit; billions of yen

	FY2016 1st Quarter	FY2017 1st Quarter	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals & Plastics	137.0	156.5	19.6	14.3%	14.5	3.4	1.7
Energy & Functional Materials	47.0	59.3	12.3	26.2%	2.0	10.1	0.2
IT-related Chemicals	86.0	90.8	4.8	5.5%	-5.5	5.9	4.3
Health & Crop Sciences	64.0	65.2	1.2	1.8%	-3.5	3.5	1.2
Pharmaceuticals	111.7	124.8	13.1	11.7%	0.0	11.5	1.5
Others & Adjustments	10.9	12.0	1.1	9.8%	0.0	1.1	0.0
Total	456.6	508.5	52.0	11.4%	7.5	35.5	9.0

Analysis



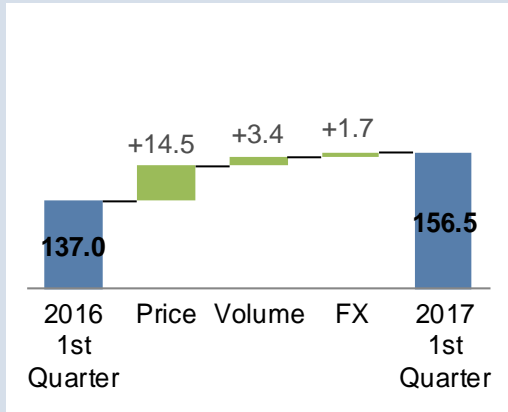
Unit; billions of yen

	FY2016 1st Quarter	FY2017 1st Quarter	Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
Petrochemicals & Plastics	1.8	10.3	8.5	8.0	0.0	0.5	8.5
Energy & Functional Materials	0.7	4.6	3.9	1.0	0.0	2.9	3.9
IT-related Chemicals	1.4	3.0	1.6	-4.5	2.0	4.1	1.6
Health & Crop Sciences	9.1	3.0	-6.1	-3.5	-1.0	-1.6	-6.1
Pharmaceuticals	15.3	20.3	5.0	0.0	-1.5	6.5	5.0
Others & Adjustments	-3.0	-3.7	-0.7	0.0	0.5	-1.2	-0.7
Total	25.3	37.6	12.3	1.0	0.0	11.3	12.3

Analysis



Sales



Total ¥156.5 billion (+19.6 from FY2016 1st Quarter)

Sales price

+14.5

- Improve in market price of MMA and synthetic resins

Volume

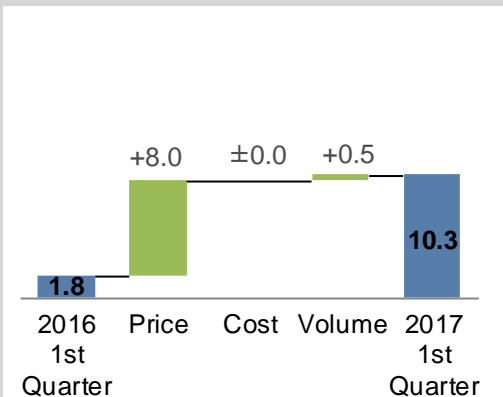
+3.4

- Consolidation of Sumika Polycarbonate as subsidiary
- Increase in shipment of Rabigh products

Foreign exchange

+1.7

Operating income



Total ¥10.3 billion (+8.5 from FY2016 1st Quarter)

Price variance

+8.0

- Better profit margin on synthetic resins and MMA

Cost variance

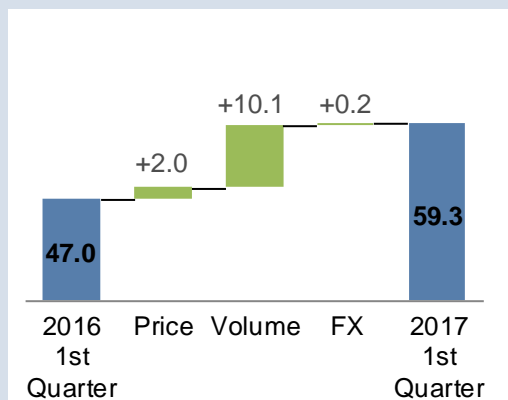
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Volume variance etc.

+0.5

- Increase in shipment of Rabigh products

Sales



Total ¥59.3 billion (+12.3 from FY2016 1st Quarter)

Sales price

+2.0

- Higher market price for aluminum

Volume

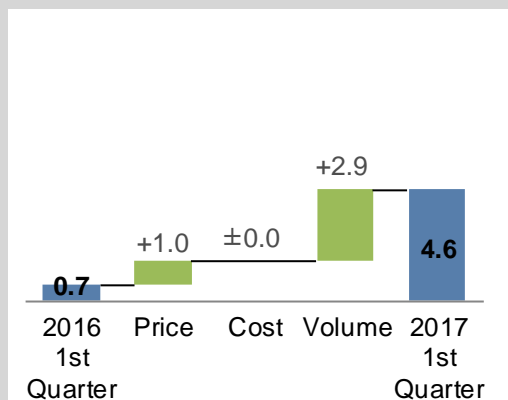
+10.1

- Increase in shipment of resorcinol
- Increase in shipment of engineering plastics

Foreign exchange

+0.2

Operating income



Total ¥4.6 billion (+3.9 from FY2016 1st Quarter)

Price variance

+1.0

Cost variance

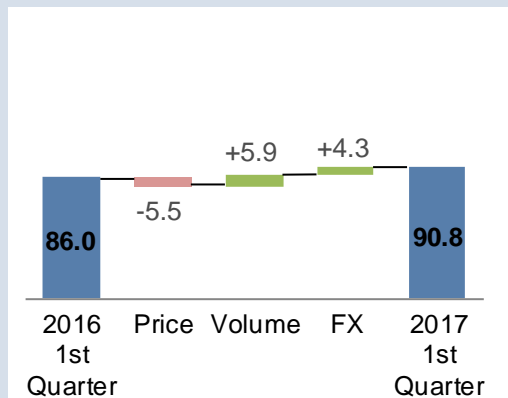
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Volume variance etc.

+2.9

- Increase in shipment of resorcinol
- Increase in shipment of engineering plastics

Sales



Total ¥90.8 billion (+4.8 from FY2016 1st Quarter)

Sales price

-5.5

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

Volume

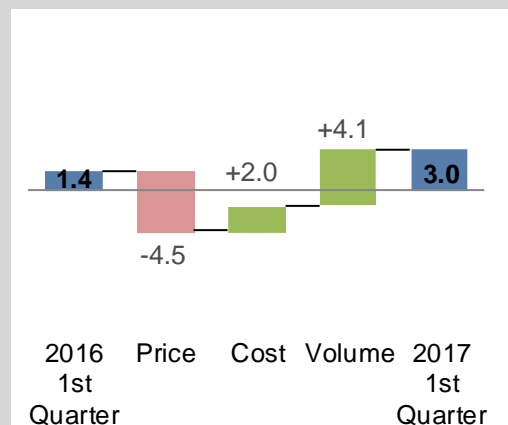
+5.9

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

Foreign exchange

+4.3

Operating income



Total ¥3.0 billion (+1.6 from FY2016 1st Quarter)

Price variance

-4.5

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

Cost variance

+2.0

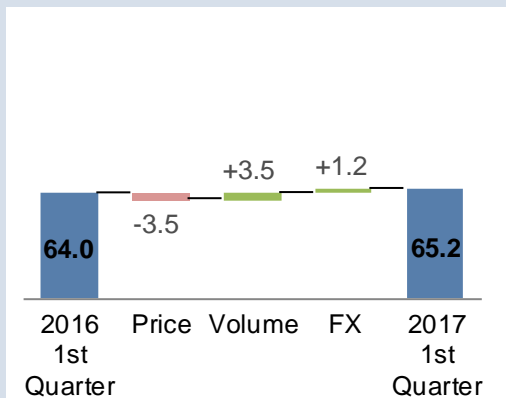
- Rationalization of the use of raw materials

Volume variance etc.

+4.1

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

Sales



Total ¥65.2 billion (+1.2 from FY2016 1st Quarter)

Sales price

-3.5

- Lower market price for feed additive methionine

Volume

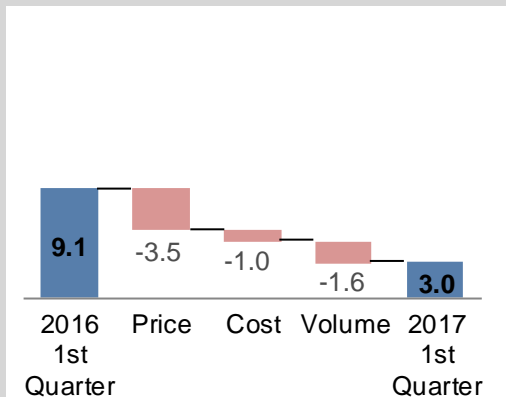
+3.5

- New consolidation of Indian subsidiary

Foreign exchange

+1.2

Operating income



Total ¥3.0 billion (-6.1 from FY2016 1st Quarter)

Price variance

-3.5

- Lower market price for feed additive methionine

Cost variance

-1.0

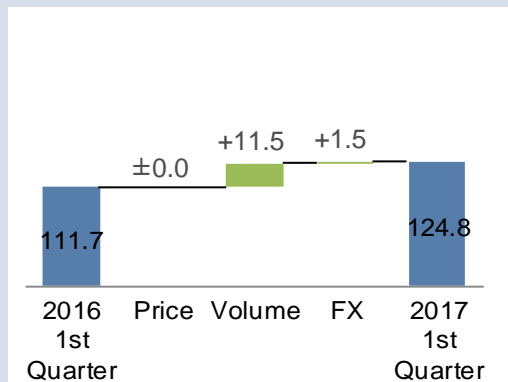
- Increase in R&D cost
- Increase in cost of actuarial gain and loss

Volume variance etc.

-1.6

- Negative impact of stronger yen

Sales



Total ¥124.8 billion (+13.1 from FY2016 1st Quarter)

Sales price

0

- NHI price revision in Japan

Volume

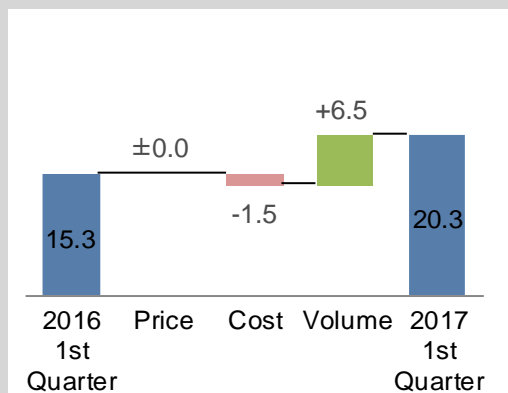
+11.5

- Increase in shipment of Latuda® in North America

Foreign exchange

+1.5

Operating income



Total ¥20.3 billion (+5.0 from FY2016 1st Quarter)

Price variance

0

- NHI price revision in Japan

Cost variance

-1.5

- Increase in sales expense

Volume variance etc.

+6.5

- Increase in shipment of Latuda® in North America

Unit: billions of yen

	31-Mar-17	30-Jun-17	Difference
Current assets	1,231.1	1,282.5	51.3
Cash and cash equivalents	193.3	214.4	21.1
Trade notes and accounts receivable	455.2	446.9	-8.4
Inventories	409.4	428.8	19.4
Others	173.2	192.4	19.2
Non-current assets	1,630.9	1,635.6	4.7
Property, plant and equipment	626.2	624.1	-2.1
Intangible assets	357.6	353.8	-3.8
Investment and other assets	647.1	657.7	10.6
Total	2,862.1	2,918.0	56.0

	31-Mar-17	30-Jun-17	Difference
Liabilities	1,699.5	1,734.4	34.9
Trade notes and accounts payable	243.5	242.9	-0.7
Interest-bearing Liabilities	875.3	909.4	34.1
Others	580.7	582.2	1.5
Net assets	1,162.5	1,183.6	21.1
Shareholders' equity	707.0	727.2	20.2
Accumulated other comprehensive income	113.3	107.4	-6.0
Non-controlling interests	342.2	349.1	6.9
Total	2,862.1	2,918.0	56.0
Shareholders' equity ratio	28.7%	28.6%	-0.1%
D/E ratio	0.8	0.8	0.0

Unit; billions of yen

	FY2016 1st Quarter	FY2017 1st Quarter	Difference
Cash flows from operating activities	-9.4	24.9	34.3
Cash flows from investing activities	-34.8	-16.5	18.3
Free cash flows	-44.2	8.5	52.6
Cash flows from financing activities	52.5	12.6	-39.9
Effect of exchange rate changes on cash and cash equivalents	-17.2	-0.8	16.3
Net change in cash and cash equivalents	-8.8	20.2	29.1
Cash and cash equivalents at end of year	206.8	214.4	7.6

Unit; billions of yen

IFRS (Japanese GAAP)	Japanese GAAP	IFRS	Difference	Reasons
Sales revenue (Net sales)	2,190.0	2,170.0	Δ20.0	- Derecognition of SWAP transactions
Core operating income (Operating income)	165.0	200.0	35.0	- Inclusion of income from equity method - No Amortization of goodwill
Net income attributable to owners of the parent	100.0	100.0	-	

Core operating income

Core operating income shows ordinary profitability of businesses, calculated by excluding gain/loss and income/expense incurred by extraordinary reasons from operating income defined in IFRS. It includes income/loss from equity method. It will be used for management report to measure business performance and will be disclosed as segment profit/loss.

(Reference)

Unit; billions of yen

	FY2016				FY2017	FY2017 (estimated)	
	1Q	2Q	3Q	4Q	1Q	1st Half	2nd Half
Petrochemicals & Plastics	137.0	128.7	148.4	158.0	156.5	300.0	340.0
Energy & Functional Materials	47.0	47.5	51.5	59.9	59.3	120.0	130.0
IT-related Chemicals	86.0	88.7	95.1	88.6	90.8	190.0	195.0
Health & Crop Sciences	64.0	61.8	66.1	127.4	65.2	150.0	230.0
Pharmaceuticals	111.7	102.6	115.5	114.5	124.8	235.0	245.0
Others & Adjustments	10.9	14.7	12.7	16.1	12.0	25.0	30.0
Total	456.6	444.0	489.3	564.5	508.5	1,020.0	1,170.0

Operating Income by Business Segments (Quarterly)

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Unit; billions of yen

	FY2016				FY2017	FY2017 (estimated)	
	1Q	2Q	3Q	4Q	1Q	1st Half	2nd Half
Petrochemicals & Plastics	1.8	4.9	10.9	9.1	10.3	13.0	14.0
Energy & Functional Materials	0.7	1.5	3.0	2.1	4.6	5.0	7.0
IT-related Chemicals	1.4	1.1	6.5	1.4	3.0	11.0	10.0
Health & Crop Sciences	9.1	3.8	3.7	29.6	3.0	13.0	47.0
Pharmaceuticals	15.3	12.6	18.2	9.0	20.3	28.0	29.0
Others & Adjustments	-3.0	-1.8	-3.2	-3.1	-3.7	-5.0	-7.0
Total	25.3	21.9	39.0	48.1	37.6	65.0	100.0

Company	Net Sales		Profit Trends
	FY2016 1st Quarter	FY2017 1st Quarter	
The Polyolefin Company (Singapore) (millions of USD)	267	278	↗ Maintaining due to better margins
Petrochemical Corporation of Singapore (millions of USD)	572	599	→ Maintaining due to better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	4,947	6,702	↘ Lower margin on oil refining and other factors
Dongwoo Fine-Chem (billions of KRW)	517	527	↘ Decreased due to lower selling price and other factors despite higher sales volume
Valent U.S.A. and Subsidiaries (millions of USD)	191	166	↘ Decreased due to timing difference and other factors