

Sumitomo Chemical recorded an 85% increase in net income for FY00

Sumitomo Chemical Company, Limited announced today that its consolidated net sales for a year ended March 31, 2001 (FY00) totaled ¥1,041 billion (\$8,402 million), a 9.5% increase from the previous year (FY99). The net income increased 85% to ¥34 billion (\$275 million).

The Basic Chemicals & Petrochemicals segment showed the sales growth of 11.9% from FY99. The sales of optically functional films for LC display increased thanks to the strong demand from the LCD industry. Aluminum sales also increased due to brisk markets. The sales of methyl methacrylate from the Singapore operation grew under the favorable market condition in the East Asia. The sales increase of petrochemicals was attributable to higher prices, reflecting the naphtha price hike. The sales of styrene monomer increased due to the boosted demand from the related industries. The growth of plastics sales was achieved by both of the increase in shipping volume in the domestic market, and higher sales prices in the East Asian market. The sales of the Specialty Chemicals segment increased 4.9% from the previous year. Fine chemicals sales, however, decreased 5.6% because the color filters business for TFT type LCDs was transferred to an affiliate which was accounted for under equity method, while the sales of other electronics related products increased. The sales of Agricultural Chemicals increased 15.1% due to the new acquisition of the biological agricultural business as well as the favorable market condition of the feed additives business. The sales of pharmaceuticals increased 9.5%. *Amlodin* (hypertension and angina pectoris) and *Growject* (genetically engineered natural human growth hormone) showed steady growth in sales. Besides, the new products acquired from third parties such as *Hibitane* (disinfectant) from Zeneka Yakuhin and *Tagamet* (anti-ulcer) from SumithKline Beecham Seiyaku contributed to the sales increase. Others segment sales increased 39.7%.

Total operating income was ¥84.7 billion (\$683 million), a 20.7% increase from FY99. The operating income of the Basic Chemicals & Petrochemicals increased 12.8% to ¥13.3 billion (\$107 million). The Specialty Chemicals also showed the increase of 22.0% to ¥67.5 billion (\$544 million) in operating income. The increase was attributable mainly to the sales volume increase of pharmaceuticals and electronics related products as well as the reorganization of the color filter business.

The equity in earnings increased significantly to ¥11.0 billion (\$89 million) from FY99 due mainly to the improvement in the performance of affiliates in the electronics related industry and the income from the change of ownership caused by the reorganization of an affiliate in pharmaceuticals. The past period service costs of employees' retirement benefit plan were ¥14.3 billion (\$116 million), which resulted primarily from the one-time charge of retirement benefit liability arising from lowering the discount rate to 1.7% for Sumitomo Chemical and its subsidiary as well as from the adoption of the Japanese new accounting method for employees' retirement benefit plan by its consolidated subsidiaries. The restructuring charge decreased to ¥11.3 billion (\$91 million) as compared with ¥24.8 billion of the previous corresponding year.

Net cash provided by operating activities was ¥94.7 billion (\$764 million). Free cash flow was ¥39.8 billion (\$321 million). The total of short-term debt and long-term debt was reduced by ¥43.7 billion (\$352 million) from the end of the last year.

For the year ending March 31, 2002, the Company estimates that the consolidated net sales will be ¥1,100 billion (\$8,878 million), a 6% increase from the previous year and the consolidated net income will be ¥40 billion (\$323 million), a 17% increase compared to the last year. Annual dividends per 1,000 shares will be ¥6,000 (\$48.4), the same level as FY 00.

(Note)

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.90= \$1 prevailing on March 31, 2001.

Consolidated Statements of Income
Years ended March 31, 2001 (FY 00) and 2000 (FY 99)

	FY00		FY99
	(¥Million)	(US\$1,000)*	(¥Million)
Sales	¥ 1,040,950	\$8,401,533	¥ 950,339
Cost of sales	746,651	6,026,239	684,627
Selling, general and administrative expenses	209,626	1,691,896	195,563
Operating income	84,673	683,398	70,149
Other income (expenses):			
Interest and dividend income	5,485	44,270	4,875
Interest expenses	(13,984)	(112,865)	(13,598)
Equity in earnings of unconsolidated subsidiaries and affiliates	11,015	88,902	6,034
Gain on sales of securities	9,594	77,433	13,952
Past period service costs of employees' retirement benefit plan	(14,338)	(115,722)	(1,209)
Effect of change of accounting for employees' retirement benefit plan			(21,238)
Restructuring charges	(11,317)	(91,340)	(24,761)
Other-net	(6,753)	(54,504)	(2,165)
Income before income taxes and minority interest	64,375	519,572	32,039
Income taxes, net of tax effect	24,836	200,452	16,734
Minority interest	(5,460)	(44,068)	3,120
Net income	¥34,079	\$ 275,052	¥18,425
	FY 00		FY 99
	(Yen)	(US dollar)*	(Yen)
Net income per 1,000 shares	¥ 20,756	\$ 167.52	¥ 11,329
Dividends per 1,000 shares:			
Interim dividends	¥ 3,000	\$ 24.21	¥ -
Year-end dividends	3,000	24.21	5,000
For the year	¥ 6,000	\$ 48.42	¥ 5,000

(Note)

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Industry Segment Results
Years ended March 31, 2001 (FY 00) and 2000 (FY 99)

	Basic Chemicals & Petro- chemicals	Specialty Chemicals	Others	Unallocated	(¥Million) Consolidated
(FY 00)					
Sales [a]	¥ 574,627	¥ 433,484	¥ 32,839		¥ 1,040,950
(Share)	(55.2%)	(41.6%)	(3.2%)		(100.0%)
(Growth)	(11.9%)	(4.9%)	(39.7%)		(9.5%)
Operating income (loss) [b]	¥ 13,293	¥ 67,460	¥ 3,857	¥ 63	¥ 84,673
[b]/[a]	(2.3%)	(15.6%)	(11.7%)		(8.1%)
Total assets	¥537,150	¥ 570,426	¥164,720	¥183,101	¥1,455,397
Depreciation	24,148	32,349	5,273	2,839	64,609
Capital expenditures	17,772	37,835	3,926	2,605	62,138
(FY 99)					
Sales [a]	¥ 513,720	¥ 413,110	¥ 23,509		¥ 950,339
(Share)	(54.0%)	(43.5%)	(2.5%)		(100.0%)
(Growth)	(9.0%)	(-3.6%)	(-16.1%)		(2.4%)
Operating income (loss) [b]	¥ 11,786	¥ 55,296	¥ 3,002	¥ 65	¥ 70,149
[b]/[a]	(2.3%)	(13.4%)	(12.8%)		(7.4%)
Total assets	¥541,851	¥ 533,819	¥138,202	¥108,506	¥1,322,378
Depreciation	26,548	41,345	4,674	2,795	75,362
Capital expenditures	25,460	47,984	5,284	2,886	81,614

Overseas Operations
Years ended March 31, 2001 (FY 00) and 2000 (FY 99)

	FY 00				FY 99
	(¥Million)	(\$1,000)*	Share (%)	Growth (%)	(¥Million)
Overseas operations (Note)	¥ 276,500	\$ 2,231,638	26.6	21.6	¥227,450

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Consolidated Statements of Cash Flows
Years ended March 31, 2001 (FY00) and 2000 (FY99)

	FY00		FY99
	(¥Million)	(US\$1,000)	(¥Million)
Cash flows from operating activities:			
Income before income taxes	¥64,375	\$519,572	¥32,039
Depreciation	64,609	521,461	75,362
Other-net	(34,288)	(276,739)	12,905
Net cash provided by operating activities	94,696	764,294	120,306
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(70,690)	(570,541)	(70,215)
Other-net	15,778	127,345	20,711
Net cash used in investing activities	(54,912)	(443,196)	(49,504)
Cash flows from financing activities:			
Dividends paid	(13,081)	(105,577)	(8,108)
Net decrease in short-term debt	(25,203)	(203,414)	(47,880)
Net decrease in long-term debt	(18,455)	(148,951)	(1,266)
Other-net	(5,910)	(47,699)	(4,955)
Net cash used in financing activities	(62,649)	(505,641)	(62,209)
Effect of exchange rate changes on cash and cash investments	1,581	12,760	(2,514)
Cash and cash investments at beginning of period	77,835	628,208	63,580
Increase in cash from addition of consolidated subsidiaries	18	145	8,176
Cash and cash investments at end of period	¥56,569	\$456,570	¥77,835

(Note)

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Non-consolidated Statements of Income
Years ended March 31, 2001 (FY 00) and 2000 (FY99)

	FY00		FY99
	(¥Million)	(US\$1,000)*	(¥Million)
Sales	¥ 625,140	\$5,045,520	¥ 558,781
Cost of sales	501,981	4,051,501	437,188
Selling, general and administrative expenses	92,040	742,857	89,878
Operating income	31,119	251,162	31,715
Other income	30,716	247,910	22,001
Other expenses	15,036	121,356	15,511
Ordinary income	46,799	377,716	38,205
Special gains	12,974	104,713	11,810
Special losses	29,623	239,088	39,266
Income before income taxes	30,150	243,341	10,749
Income taxes	2,528	20,404	(990)
Net income	¥ 27,622	\$ 222,937	¥ 11,739

(Note)

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