

Sumitomo Chemical Reports Consolidated Financial Results For the Nine Months Ended December 31, 2013

The Sumitomo Chemical Group's sales for the nine months ended December 31, 2013, were ¥1,606.3 billion, an increase of ¥183.9 billion compared with the same period of the previous fiscal year. The Group posted operating income of ¥71.2 billion, ordinary income of ¥72.6 billion and net income of ¥24.6 billion, all representing year-on-year increases.

The Sumitomo Chemical Group's financial results by business segment for the nine-month period were as follows.

Basic Chemicals

Market prices remained low for methyl methacrylate and raw materials for synthetic fibers, and shipments of these products also stayed at a low level. Shipments of aluminum decreased. On the other hand, the correction of the yen's appreciation had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales increased by ¥11.5 billion from the same period of the previous fiscal year, to ¥205.2 billion. Operating income, however, declined by ¥2.7 billion, to a loss of ¥7.5 billion.

Petrochemicals & Plastics

Market prices for synthetic resins and petrochemical products rose due to higher feedstock prices, but shipments from overseas subsidiaries decreased due to low capacity utilization on account of maintenance work at Petro Rabigh. The correction of the yen's appreciation had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales increased by ¥65.9 billion from the same period of the previous fiscal year, to ¥571.4 billion, and operating income improved by ¥7.1 billion, to ¥5.4 billion.

IT-related Chemicals

Sales of polarizing film used in liquid crystal displays (LCDs) increased due to growth in demand. A newly-built touchscreen panel facility in South Korea that began full-fledged operations in the previous year contributed to sales throughout the nine-month period. As a result, including the positive effect of the correction of the yen's appreciation, the segment's sales increased by ¥52.2 billion compared with the same period of the previous fiscal year, to ¥273.5 billion, and operating income grew by ¥22.0 billion, to ¥29.2 billion.

Health & Crop Sciences

In the area of crop protection chemicals, shipments of herbicides and other products rose in overseas markets due to increased production capacity and expanded sales. Market prices of the feed additive methionine declined but shipments increased due to sales expansion. The correction of the yen's appreciation had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales increased by ¥36.9 billion compared with the same period of the previous fiscal year, to ¥207.2 billion, and operating income grew by ¥ 5.7 billion, to ¥14.7 billion.

Pharmaceuticals

In Japan, sales of Aimix® (anti-hypertension drug), Metgluco® (biguanide oral hypoglycemic) and Lonasen® (atypical antipsychotic) increased, but overall sales decreased as a result of a significant decline in shipments of other existing products. In North America, shipments of Xopenex® (short-acting beta-agonist) fell sharply as marketing exclusivity ended, but shipments of Latuda® (atypical antipsychotic) continued to rise, and the correction of the yen's appreciation had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales increased by ¥15.5 billion compared with the same period of the previous fiscal year, to ¥307.9 billion, and operating income grew by ¥2.0 billion, to ¥39.2 billion.

Others

In addition to the above five segments, the Sumitomo Chemical Group engages in supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis. The segment's sales increased by ¥1.8 billion compared with the same period of the previous fiscal year, to ¥41.0 billion, and operating income decreased by ¥0.5 billion, to ¥5.3 billion.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2013		9 Months ended December 31, 2012
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales	1,606,250	15,241,010	1,422,311
Operating income	71,161	675,216	36,786
Ordinary income	72,643	689,278	37,597
Income before income taxes and minority interests	63,082	598,558	29,680
Net income (loss)	24,553	232,973	(40,693)
	Yen	USD*	Yen
Net income (loss) per 1,000 shares	15,021	143	(24,894)
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	148,654	1,410,513	(27,675)

(2) Financial Position:

	As of December 31, 2013		As of March 31, 2013
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	2,823,891	26,794,677	2,472,091
Total net asset	914,172	8,674,182	747,482

(3) Cash Flows:

	9 Months ended December 31, 2013		9 Months ended December 31, 2012
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	93,991	891,840	70,043
Cash flows from investing activities	(124,376)	(1,180,150)	(138,096)
Cash flows from financing activities	57,331	543,989	42,785
Cash and cash equivalents at end of period	162,739	1,544,160	122,519

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2013		9 Months ended December 31, 2012
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales			
Basic Chemicals	205,209	1,947,139	193,674
Petrochemicals & Plastics	571,424	5,421,994	505,510
IT-related Chemicals	273,529	2,595,398	221,286
Health & Crop Sciences	207,178	1,965,822	170,248
Pharmaceuticals	307,938	2,921,890	292,431
Others	40,972	388,767	39,162
	1,606,250	15,241,010	1,422,311
Operating income (loss)			
Basic Chemicals	(7,475)	(70,927)	(4,756)
Petrochemicals & Plastics	5,415	51,381	(1,659)
IT-related Chemicals	29,189	276,962	7,227
Health & Crop Sciences	14,653	139,036	8,912
Pharmaceuticals	39,208	372,028	37,250
Others	5,255	49,862	5,774
Adjustments	(15,084)	(143,126)	(15,962)
	71,161	675,216	36,786

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥105.39= \$1 prevailing on December 31, 2013.