

## **Sumitomo Chemical Reports Consolidated Financial Results For the Nine Months Ended December 31, 2015**

The Sumitomo Chemical Group's sales for the nine months ended December 31, 2015, totaled ¥1,577.8 billion, a decrease of ¥145.2 billion compared with the same period of the previous fiscal year. The Group posted operating income of ¥119.5 billion, ordinary income of ¥143.7 billion and net income attributable to owners of the parent of ¥84.6 billion, all showing year-on-year increases.

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

### **Petrochemicals & Plastics**

Market prices of petrochemical products and synthetic resins declined because of lower feedstock prices. Shipments of petrochemical products and synthetic resins decreased due to the restructuring of the petrochemical business at the Chiba Works as well as a change in the commercial distribution channel for petrochemical products from Petro Rabigh and periodic plant maintenance there. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥190.8 billion from the same period of the previous fiscal year, to ¥518.4 billion. Operating income increased by ¥18.7 billion, to ¥25.8 billion, due to higher profit margins and temporary licensing revenues.

### **Energy & Functional Materials**

Sales of aluminum and resorcinol, a raw material for adhesives, declined due to a decrease in shipments. Market prices for synthetic rubber dropped due to lower raw materials prices. As a result, the segment's sales decreased by ¥9.7 billion from the same period of the previous fiscal year, to ¥139.1 billion. Operating income declined by ¥0.7 billion, to a loss of ¥0.5 billion.

### **IT-related Chemicals**

Although selling prices of polarizing film used in liquid crystal displays (LCDs) and touchscreen panels declined, shipments of these products increased due to growth in demand. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales rose by ¥24.5 billion from the same period of the previous fiscal year, to ¥322.8 billion. Operating income grew by ¥1.2 billion, to ¥24.9 billion.

### **Health & Crop Sciences**

Sales of the feed additive methionine rose sharply due to higher market prices. As a result, including the positive effect of the weaker yen, the segment's sales increased by ¥9.7 billion from the same period of the previous fiscal year, to ¥228.4 billion. Operating income grew by ¥18.3 billion, to ¥40.9 billion.

### **Pharmaceuticals**

In Japan, despite efforts to increase shipments of Aimix® (anti-hypertension drug) and other drugs, sales declined due largely to a decrease in shipments of patent-expired originator drugs. In North America, sales of Latuda® (atypical antipsychotic) increased. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales grew by ¥25.4 billion from the same period of the previous fiscal year, to ¥328.5 billion. Operating income rose by ¥7.4 billion, to ¥35.0 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 decreased by ¥4.3 billion from the same period of the previous fiscal year, to ¥40.7 billion. Operating income increased by ¥1.1 billion, to ¥6.1 billion.

#### **(Note) Change in Business Segment Classification Methods**

Due to Sumitomo Chemical's organizational reform as of April 1, 2015, the Basic Chemicals Segment was eliminated, and businesses in this segment were split up and transferred to the Petrochemicals & Plastics Segment and the Energy & Functional Materials Segment, which was established as a new business segment. In addition, some of the businesses in the Petrochemicals & Plastics Segment were transferred to the Energy & Functional Materials Segment.

Inorganic chemicals, raw materials for synthetic fibers, organic chemicals, and methyl methacrylate, which had been included in the Basic Chemicals Segment, were transferred to the Petrochemicals & Plastics Segment. Alumina products, aluminum, functional materials, additives, and dyes, which had also been included in the Basic Chemicals Segment, were transferred to the Energy & Functional Materials Segment. In addition, synthetic rubber, which had been included in the Petrochemicals & Plastics Segment, was transferred to the Energy & Functional Materials Segment. One of the Company's consolidated subsidiaries, formerly categorized under the Health & Crop Sciences Segment, has been categorized into the Energy & Functional Materials Segment.

## Summary of Consolidated Results

### (1) Results of Operations:

	9 Months ended December 31, 2015		9 Months ended December 31, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Net sales	1,577,760	13,081,502	1,722,957
Operating income	119,537	991,104	71,360
Ordinary income	143,664	1,191,145	98,687
Income before income taxes	147,490	1,222,867	99,979
Net income	110,892	919,426	63,597
Net income attributable to non-controlling interests	26,327	218,282	16,379
Net income attributable to owners of the parent	84,565	701,144	47,218
	Yen	USD*1	Yen
Net income per 1,000 shares	51,744	429	28,889
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Comprehensive income	90,290	748,611	170,059

### (2) Financial Position:

	As of December 31, 2015		As of March 31, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Total assets	2,894,548	23,999,237	2,880,396
Total net asset	1,173,804	9,732,228	1,118,216

### (3) Cash Flows:

	9 Months ended December 31, 2015		9 Months ended December 31, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Cash flows from operating activities	169,195	1,402,827	(12,697)
Cash flows from investing activities	(34,344)	(284,753)	(32,512)
Cash flows from financing activities	(47,386)	(392,886)	112,456
Cash and cash equivalents at end of period	284,024	2,354,896	219,711

### (4) Results of Operations by Business Segment:

	9 Months ended December 31, 2015		9 Months ended December 31, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)*2
Net sales			
Petrochemicals & Plastics	518,408	4,298,217	709,240
Energy & Functional Materials	139,050	1,152,889	148,730
IT-related Chemicals	322,776	2,676,196	298,247
Health & Crop Sciences	228,351	1,893,301	218,632
Pharmaceuticals	328,499	2,723,646	303,094
Others	40,676	337,253	45,014
	1,577,760	13,081,502	1,722,957
Operating income (loss)			
Petrochemicals & Plastics	25,777	213,722	7,079
Energy & Functional Materials	(520)	(4,311)	149
IT-related Chemicals	24,919	206,608	23,766
Health & Crop Sciences	40,874	338,894	22,547
Pharmaceuticals	35,023	290,382	27,581
Others	6,115	50,701	5,031
Adjustments	(12,651)	(104,892)	(14,793)
	119,537	991,104	71,360

(Note)

\*1:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.61= \$1 prevailing on December 31, 2015.

\*2:New business segmentation is applied to consolidated results of previous year.