

For Immediate Release

October 31, 2018

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Half-Year Ended September 30, 2018**

The Sumitomo Chemical Group's consolidated sales revenue for the half-year ended September 30, 2018, increased by ¥81.8 billion compared with the same period of the previous fiscal year, to ¥ 1,122.1 billion. The Group posted core operating income of ¥102.1 billion, operating income of ¥91.9 billion, and net income attributable to owners of the parent of ¥61.5 billion, all of which represented year-on-year declines.

Sumitomo Chemical decided to pay an interim dividend of ¥11 per share.

“Core operating income” is a gain and loss concept that reflects recurring earning capacity. It excludes gains and losses from non-recurring factors from operating income, including share of profit of investments accounted for using the equity method.

The Sumitomo Chemical Group's financial results by business segment for the half-year were as follows.

Petrochemicals & Plastics

Market conditions for petrochemical products rose because of higher feedstock prices. Market conditions for raw materials for synthetic fibers and methyl methacrylate (MMA) also increased. As a result, the segment's sales revenue grew by ¥60.3 billion compared with the same period of the previous fiscal year, to ¥380.4 billion. In addition, for associates accounted for using the equity method, the earnings of Rabigh Refining and Petrochemical Company improved because it was able to maintain a high level of capacity utilization. Because of such factors as the impact of periodic plant maintenance at the Chiba Works and in Singapore, however, core operating income declined by ¥6.5 billion, to ¥35.4 billion.

Energy & Functional Materials

Shipments of separators and cathode materials for lithium-ion secondary batteries rose on higher demand. Shipments of high purity alumina also increased, primarily for use in battery materials. As a result, the segment's sales revenue increased by ¥20.6 billion compared with the same period of the previous fiscal year, to ¥140.9 billion, and core operating income grew by ¥2.5 billion, to ¥12.8 billion.

IT-related Chemicals

Although selling prices of polarizing film and touchscreen panels declined, shipments of polarizing film increased due to growth in demand. As a result, the segment's sales revenue increased by ¥6.9 billion compared with the same period of the previous fiscal year, to ¥195.4 billion, and core operating income rose by ¥5.8 billion, to ¥14.8 billion.

Health & Crop Sciences

Shipments of agricultural chemicals increased, primarily in regions outside Japan, such as South America and Asia. On the other hand, currency depreciation of emerging markets had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales revenue was ¥138.1 billion, essentially unchanged from the same period of the previous fiscal year. Because of such factors as margin erosion from an increase in raw material prices, core operating income declined by ¥5.9 billion, to ¥2.5 billion compared with the same period of the previous fiscal year.

Pharmaceuticals

In North America, sales of Latuda[®] (atypical antipsychotic), Aptiom[®] (antiepileptic drug), and other treatments increased. On the other hand, results in Japan were adversely impacted by drug price revisions instituted by Japan's National Health Insurance. As a result, the segment's sales revenue declined by ¥5.4 billion compared with the same period of the previous fiscal year, to ¥242.7 billion. Because of the impact of the drug price revisions and higher sales expenses, and because a one-time gain was recorded in the same period of the previous fiscal year on the transfer of business, core operating income declined by ¥18.9 billion, to ¥39.3 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 revenue declined by ¥1.1 billion from the same period of the previous fiscal year, to ¥24.6 billion, and core operating income declined by ¥3.1 billion, to ¥3.2 billion.

Summary of Consolidated Results

(1) Results of Operations:

	6 Months ended September 30, 2018		6 Months ended September 30, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	1,122,118	9,880,409	1,040,347
Core operating income	102,106	899,058	127,013
(Share of profit of investments accounted for using the equity method)	(23,888)	(210,337)	(22,693)
Operating income	91,932	809,474	136,097
Income before taxes	102,304	900,801	138,160
Net income	81,502	717,637	110,854
Net income attributable to non-controlling interests	20,016	176,244	33,785
Net income attributable to owners of the parent	61,486	541,393	77,069
Net income per 1,000 shares	Yen 37,605	USD* 331	Yen 47,133
Comprehensive income	Yen (Millions) 114,252	USD (Thousands)* 1,006,005	Yen (Millions) 120,744

(2) Financial Position:

	As of September 30, 2018		As of March 31, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,263,839	28,738,567	3,068,685
Total equity	1,335,073	11,755,508	1,252,214

(3) Cash Flows:

	6 Months ended September 30, 2018		6 Months ended September 30, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	55,604	489,601	115,831
Cash flows from investing activities	(83,070)	(731,443)	(54,610)
Cash flows from financing activities	22,048	194,136	(25,614)
Cash and cash equivalents at end of period	233,764	2,058,325	231,021

(4) Results of Operations by Business Segment:

	6 Months ended September 30, 2018		6 Months ended September 30, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	380,418	3,349,635	320,104
Energy & Functional Materials	140,856	1,240,257	120,236
IT-related Chemicals	195,414	1,720,648	188,546
Health & Crop Sciences	138,139	1,216,334	137,701
Pharmaceuticals	242,700	2,137,008	248,084
Others	24,591	216,527	25,676
	1,122,118	9,880,409	1,040,347
Core operating income			
Petrochemicals & Plastics	35,383	311,552	41,853
Energy & Functional Materials	12,849	113,137	10,313
IT-related Chemicals	14,827	130,554	9,009
Health & Crop Sciences	2,470	21,749	8,367
Pharmaceuticals	39,275	345,822	58,147
Others	3,190	28,088	6,323
Adjustments	(5,888)	(51,844)	(6,999)
	102,106	899,058	127,013

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥113.57 = \$1 prevailing on September 30, 2018.