

Financial Results
of
FY2014 First Quarter



July 31, 2014



Sumitomo Chemical Co., Ltd.



(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.

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Financial Summary

Unit; billions of yen

	FY2013 1st Quarter	FY2014 1st Quarter	Difference	Ratio
Net Sales	515.5	556.9	41.4	8.0%
Operating Income	24.6	19.1	-5.5	-22.4%
(Equity in earnings of affiliates, included in ordinary income)	(-0.4)	(8.1)	(8.4)	-
(Net gain / loss on foreign currency transactions, included in ordinary income)	(1.4)	(-0.9)	(-2.3)	-
Ordinary Income	25.4	26.1	0.7	2.9%
(Extraordinary Gain / Loss)	(-1.3)	(1.3)	(2.6)	-
(Income taxes)	(-11.5)	(-8.4)	(3.0)	-
(Minority interests in income)	(-4.8)	(-4.9)	(-0.1)	-
Net Income	7.8	14.1	6.3	80.7%
ROE	1.5%	2.2%		
Exchange Rate (yen/USD)	98.78	102.17		
Naphtha Price (yen/KL)	65,500	70,000		

Net Sales by Business Segments I

Unit; billions of yen

	FY2013 1st Quarter	FY2014 1st Quarter	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Basic Chemicals	66.8	73.5	6.7	10.1%	2.5	3.7	0.5
Petrochemicals	177.4	199.1	21.7	12.3%	10.5	7.4	3.8
IT-related Chemicals	86.1	98.1	12.0	14.0%	-14.0	19.0	7.0
Health & Crop Sciences	76.0	77.4	1.4	1.8%	-0.5	0.3	1.6
Pharmaceuticals	97.6	97.8	0.2	0.2%	-2.5	1.4	1.2
Others & Adjustments	11.7	11.0	-0.7	-5.9%	0	-0.7	0
Total	515.5	556.9	41.4	8.0%	-4.0	31.2	14.1
Overseas Operations	295.1	334.0	38.9	13.2%			
Overseas Ratio	57.2%	60.0%					

Net Sales by Business Segments II

Unit; billions of yen

	FY2013 1st Quarter	FY2014 1st Quarter	Difference	Main Factors
Basic Chemicals	66.8	73.5	6.7	<ul style="list-style-type: none"> Higher market price for aluminum and increase in shipments of aluminum
Petrochemicals	177.4	199.1	21.7	<ul style="list-style-type: none"> Increase in shipments of synthetic resins overseas Higher market price due to increase in feedstock cost
IT-related Chemicals	86.1	98.1	12.0	<ul style="list-style-type: none"> Decline in selling price of polarizing film and touchscreen panel Increase in shipments of polarizing film due to growth in demand Increase in shipments of touchscreen panel due to increased production capacity
Health & Crop Sciences	76.0	77.4	1.4	<ul style="list-style-type: none"> Increase in shipments of methionine feed additive Decline in shipments of crop protection chemicals due to the effect of the consumption tax increase in Japan and unseasonable weather overseas
Pharmaceuticals	97.6	97.8	0.2	<ul style="list-style-type: none"> Decline in shipments of existing products due to generic entry NHI price revision in Japan Increase in shipments of Latuda®
Others & Adjustments	11.7	11.0	-0.7	
Total	515.5	556.9	41.4	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2013 1st Quarter	FY2014 1st Quarter					
Basic Chemicals	-2.1	-3.3	-1.2	-1.5	0.5	-0.2	-1.2
Petrochemicals	2.1	2.2	0.0	-2.5	0	2.5	0.0
IT-related Chemicals	10.0	8.8	-1.2	-11.5	0.5	9.8	-1.2
Health & Crop Sciences	8.1	5.9	-2.2	-1.0	-0.5	-0.7	-2.2
Pharmaceuticals	10.7	10.2	-0.5	-2.5	-0.5	2.5	-0.5
Others & Adjustments	-4.4	-4.7	-0.4	0	0	-0.4	-0.4
Total	24.6	19.1	-5.5	-19.0	0	13.5	-5.5

Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2013 1st Quarter	FY2014 1st Quarter		
Basic Chemicals	-2.1	-3.3	-1.2	<ul style="list-style-type: none"> • Margin erosion in raw materials for synthetic fiber due to higher feedstock prices
Petrochemicals	2.1	2.2	0.0	<ul style="list-style-type: none"> • Increase in shipments of synthetic resins overseas • Margin erosion due to higher feedstock prices
IT-related Chemicals	10.0	8.8	-1.2	<ul style="list-style-type: none"> • Decline in selling price of polarizing film and touchscreen panel • Increase in shipments of polarizing film due to growth in demand • Increase in shipments of touchscreen panel due to increased production capacity
Health & Crop Sciences	8.1	5.9	-2.2	<ul style="list-style-type: none"> • Decline in shipments of crop protection chemicals due to the effect of the consumption tax increase in Japan and unseasonable weather overseas
Pharmaceuticals	10.7	10.2	-0.5	<ul style="list-style-type: none"> • Decline in shipments of existing products due to generic entry • NHI price revision in Japan • Increase in shipments of Latuda®
Others & Adjustments	-4.4	-4.7	-0.4	
Total	24.6	19.1	-5.5	

Consolidated Balance Sheets

Unit; billions of yen

	31-Mar-14	30-Jun-14	Difference		31-Mar-14	30-Jun-14	Difference
Current Assets	1,242.5	1,242.3	-0.2	Liabilities	1,854.0	1,849.8	-4.2
Cash and cash equivalents	132.3	149.7	17.4	Trade notes and accounts payable	296.1	260.1	-36.0
Trade notes and accounts receivable	448.4	422.0	-26.5	Interest-bearing Liabilities	1,074.6	1,138.3	63.7
Inventories	429.5	435.8	6.3	Others	483.3	451.3	-32.0
Others	232.3	234.9	2.6	Net Assets	934.5	934.6	0.1
Non-current Assets	1,546.0	1,542.1	-3.9	Shareholders' equity	549.2	553.7	4.4
Property, plant and equipment	722.8	717.3	-5.5	Accumulated other comprehensive income	94.0	91.2	-2.8
Intangible assets	195.4	189.2	-6.1	Minority interests	291.2	289.6	-1.6
Investment and other assets	627.8	635.5	7.7				
Total	2,788.5	2,784.4	-4.1	Total	2,788.5	2,784.4	-4.1

Shareholders' equity ratio	23.1%	23.2%	0.1%
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Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2013 1st Quarter	FY2014 1st Quarter	Difference
Cash flows from operating activities	7.4	-17.5	-24.9
Cash flows from investing activities	-38.8	-20.6	18.2
Free cash flows	-31.4	-38.1	-6.7
Cash flows from financing activities	39.8	56.7	16.9
Effect of exchange rate changes on cash and cash equivalents	9.6	-1.1	-10.6
Net change in cash and cash equivalents	18.0	17.5	-0.5
Cash and cash equivalents (at June 30)	135.5	149.7	14.2

Major Subsidiaries

Company	Net Sales		Profit Trends
	FY2013 1st Quarter	FY2014 1st Quarter	
The Polyolefin Company (Singapore) (millions of USD)	289	375	Increased due to higher sales volume
Petrochemical Corporation of Singapore (millions of USD)	799	988	Increased due to higher sales volume
Rabigh Refining and Petrochemical Company (millions of SAR)	10,189	14,236	Increased due to higher sales volume as a result of the stable operations
Dongwoo Fine-Chem (billions of KRW)	536	547	Decreased due to lower selling prices and other factors
Valent U.S.A. and Subsidiaries (millions of USD)	226	249	Increased due to higher sales volume and other factors



(Reference: Segment Information)

Net Sales by Business Segments (Quarterly)

	FY2013				FY2014	Unit; billions of yen FY2014 (estimated)	
	1Q	2Q	3Q	4Q	1Q	1st Half	2nd Half
Basic Chemicals	66.8	70.1	68.3	81.7	73.5	150.0	160.0
Petrochemicals	177.4	191.5	202.5	220.6	199.1	365.0	395.0
IT-related Chemicals	86.1	95.7	91.7	88.7	98.1	220.0	225.0
Health & Crop Sciences	76.0	63.5	67.7	119.8	77.4	155.0	200.0
Pharmaceuticals	97.6	99.6	110.7	110.9	97.8	195.0	190.0
Others & Adjustments	11.7	14.8	14.5	15.9	11.0	25.0	40.0
Total	515.5	535.3	555.4	637.5	556.9	1,110.0	1,210.0

Operating Income by Business Segments (Quarterly)

	FY2013				FY2014	Unit: billions of yen FY2014 (estimated)	
	1Q	2Q	3Q	4Q	1Q	1st Half	2nd Half
Basic Chemicals	-2.1	-2.7	-2.7	-3.4	-3.3	-5.0	-1.0
Petro-chemicals	2.1	1.7	1.6	-0.5	2.2	2.0	8.0
IT-related Chemicals	10.0	11.7	7.5	5.7	8.8	19.0	18.0
Health & Crop Sciences	8.1	3.4	3.1	23.5	5.9	13.0	32.0
Pharmaceuticals	10.7	9.9	18.6	7.9	10.2	14.0	12.0
Others & Adjustments	-4.4	-2.3	-3.2	-3.6	-4.7	-8.0	1.0
Total	24.6	21.7	24.8	29.7	19.1	35.0	70.0