

Sumitomo Chemical Reports Consolidated Financial Results For the Three Months Ended June 30, 2015

The Sumitomo Chemical Group's consolidated financial results for the first quarter ended June 30, 2015 were as follows. Sales decreased by ¥0.3 billion compared with the same period of the previous fiscal year, to ¥556.6 billion. The Group posted operating income of ¥33.2 billion, ordinary income of ¥49.8 billion and net income attributable to owners of the parent of ¥34.0 billion, all representing year-on-year increases.

The Sumitomo Chemical Group's financial results by business segment for the first quarter ended June 30, 2015 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 a change in the commercial distribution channel for petrochemical products from Petro Rabigh and the restructuring of the petrochemical business at the Chiba Works. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥29.1 billion compared with the same period of the previous fiscal year, to ¥198.5 billion. Operating income improved by ¥7.4 billion, to ¥6.9 billion, due to higher profit margins.

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 ¥2.1 billion compared with the same period of the previous fiscal year, to ¥46.5 billion. The operating loss increased by ¥0.4 billion, to ¥1.3 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 increased by ¥12.0 billion compared with the same period of the previous fiscal year, to ¥110.1 billion. Due to lower selling prices, however, operating income, at ¥8.6 billion, was almost unchanged from the same period of the previous fiscal year.

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 ¥8.2 billion compared with the same period of the previous fiscal year, to ¥82.0 billion. Operating income grew by ¥10.0 billion, to ¥16.1 billion.

Pharmaceuticals

In Japan, sales rose slightly as a decrease in shipments of patent-expired originator drugs was covered by an increase in shipments of Aimix® (anti-hypertension drug) and other 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 ¥8.4 billion from the same period of the previous fiscal year, to ¥106.2 billion. Operating income decreased by ¥4.4 billion, to ¥5.8 billion, due to higher marketing and research-and-development costs.

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 ¥2.4 billion compared with the same period of the previous fiscal year, to ¥13.4 billion. Operating income grew by ¥1.1 billion, to ¥1.1 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:

	3 Months ended June 30, 2015		3 Months ended June 30, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Net sales	556,587	4,545,423	556,881
Operating income	33,190	271,049	19,070
Ordinary income	49,751	406,296	26,135
Income before income taxes and minority interests	54,936	448,640	27,400
Net income	41,905	342,221	18,959
Net income attributable to non-controlling interests	7,947	64,900	4,905
Net income attributable to owners of the parent	33,958	277,321	14,054
	Yen	USD*1	Yen
Net income per 1,000 shares	20,778	170	8,598
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Comprehensive income	60,798	496,513	14,078

(2) Financial Position:

	As of June 30, 2015		As of March 31, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Total assets	2,957,488	24,152,617	2,880,396
Total net asset	1,166,887	9,529,498	1,118,216

(3) Cash Flows:

	3 Months ended June 30, 2015		3 Months ended June 30, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Cash flows from operating activities	(3,723)	(30,404)	(17,493)
Cash flows from investing activities	752	6,141	(20,577)
Cash flows from financing activities	45,301	369,955	56,650
Cash and cash equivalents at end of period	245,917	2,008,305	149,675

(4) Results of Operations by Business Segment:

	3 Months ended June 30, 2015		3 Months ended June 30, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)*2
Net sales			
Petrochemicals & Plastics	198,461	1,620,751	227,595
Energy & Functional Materials	46,504	379,780	48,633
IT-related Chemicals	110,075	898,938	98,062
Health & Crop Sciences	82,011	669,751	73,842
Pharmaceuticals	106,174	867,080	97,781
Others	13,362	109,123	10,968
	556,587	4,545,423	556,881
Operating income (loss)			
Petrochemicals & Plastics	6,940	56,676	(446)
Energy & Functional Materials	(1,288)	(10,519)	(876)
IT-related Chemicals	8,592	70,167	8,838
Health & Crop Sciences	16,122	131,662	6,078
Pharmaceuticals	5,812	47,464	10,198
Others	1,129	9,220	2
Adjustments	(4,117)	(33,621)	(4,724)
	33,190	271,049	19,070

(Note)

*1:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥122.45= \$1 prevailing on June 30, 2015.

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