

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Nine Months Ended December 31, 2017**

The Sumitomo Chemical Group's sales for the nine months ended December 31, 2017, totaled ¥1,621.3 billion, an increase of ¥231.5 billion compared with the same period of the previous fiscal year. The Group posted operating income of ¥131.1 billion, ordinary income of ¥171.2 billion and net income attributable to owners of the parent of ¥108.6 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.

Petrochemicals & Plastics

Market prices of petrochemical products and synthetic resins rose because of higher feedstock prices. Market prices of raw materials for synthetic fibers and methyl methacrylate (MMA) also increased. As a result, the segment's sales grew by ¥92.2 billion compared with the same period of the previous fiscal year, to ¥506.3 billion. Operating income increased by ¥20.6 billion, to ¥38.1 billion.

Energy & Functional Materials

Shipments of resorcinol, a raw material for adhesives, and engineering plastics increased due to a rise in demand. Shipments of separators for lithium-ion secondary batteries also rose due to production capacity expansion. In addition, the acquisition of a manufacturer of cathode materials in the previous fiscal year pushed up sales. As a result, the segment's sales increased by ¥41.0 billion compared with the same period of the previous fiscal year, to ¥187.0 billion. Operating income grew by ¥10.0 billion, to ¥15.2 billion.

IT-related Chemicals

Although selling prices of touchscreen panels and polarizing film declined, shipments 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 ¥16.8 billion compared with the same period of the previous fiscal year, to ¥286.6 billion. Operating income rose by ¥4.4 billion, to ¥13.3 billion.

Health & Crop Sciences

Sales of the feed additive methionine dropped due to lower market prices. Meanwhile, the acquisition of an Indian agrochemicals company in the previous fiscal year boosted sales. As a result, the segment's sales increased by ¥21.9 billion compared with the same period of the previous fiscal year, to ¥213.8 billion. Operating income declined by ¥0.9 billion, to ¥15.7 billion.

Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic) and other drugs increased steadily. In Japan, sales of Trulicity® (type 2 diabetes drug), Aimix® (anti-hypertension drug) and other drugs rose as well. As a result, the segment's sales increased by ¥59.7 billion from the same period of the previous fiscal year, to ¥389.4 billion. Operating income grew by ¥11.9 billion, to ¥58.0 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 came to ¥38.3 billion, almost unchanged from the same period of the previous fiscal year. Operating income declined by ¥1.0 billion compared with the same period of the previous fiscal year, to ¥2.7 billion.

Equity in earnings of affiliates increased by ¥14.3 billion compared with the same period of the previous fiscal year, to ¥40.1 billion. Earnings of Petrochemical Corporation of Singapore remained strong. Earnings of Rabigh Refining and Petrochemical Company (Petro Rabigh) improved due chiefly to a continued high level of capacity utilization and an improvement in oil refining margins.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2017		9 Months ended December 31, 2016
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales	1,621,289	14,347,690	1,389,802
Operating income	131,142	1,160,549	86,279
Ordinary income	171,240	1,515,398	115,001
Income before income taxes and non-controlling interests	173,896	1,538,903	106,953
Net income	148,261	1,312,044	82,117
Net income attributable to non-controlling interests	39,708	351,398	26,807
Net income attributable to owners of the parent	108,553	960,646	55,310
	Yen	USD*	Yen
Net income per 1,000 shares	66,429	588	33,845
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	186,789	1,653,000	76,727

(2) Financial Position:

	As of December 31, 2017		As of March 31, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,123,341	27,640,186	2,862,052
Total net assets	1,304,768	11,546,619	1,162,526

(3) Cash Flows:

	9 Months ended December 31, 2017		9 Months ended December 31, 2016
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	140,938	1,247,239	85,339
Cash flows from investing activities	(113,914)	(1,008,088)	(168,385)
Cash flows from financing activities	20,190	178,673	80,320
Cash and cash equivalents at end of period	244,984	2,168,000	211,612

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2017		9 Months ended December 31, 2016
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales			
Petrochemicals & Plastics	506,266	4,480,230	414,048
Energy & Functional Materials	187,003	1,654,894	145,989
IT-related Chemicals	286,591	2,536,204	269,809
Health & Crop Sciences	213,776	1,891,823	191,916
Pharmaceuticals	389,383	3,445,867	329,728
Others	38,270	338,672	38,312
	1,621,289	14,347,690	1,389,802
Operating income			
Petrochemicals & Plastics	38,058	336,796	17,502
Energy & Functional Materials	15,194	134,460	5,148
IT-related Chemicals	13,339	118,044	8,919
Health & Crop Sciences	15,699	138,929	16,564
Pharmaceuticals	57,992	513,204	46,089
Others	2,717	24,044	3,719
Adjustments	(11,857)	(104,928)	(11,662)
	131,142	1,160,549	86,279

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥113.00 = \$1 prevailing on December 31, 2017.