Sumitomo Chemical Announces Revisions to its Full-Year Consolidated Financial Forecast for FY2018

Based on recent performance trends, Sumitomo Chemical Co., Ltd. has revised its full-year consolidated financial forecast for fiscal 2018 (April 1, 2018 – March 31, 2019), previously announced on May 15, 2018, as detailed below.

Revisions to Full-Year Consolidated Financial Forecast for Fiscal 2018 (April 1, 2018 – March 31, 2019) (Millions of ven)

	(Millions of yen)				
	Sales revenue	Core Operating Income *	Operating Income	Net income attributable to owners of the parent	Earnings per Share (yen)
Previous Forecast (A)	2,490,000	240,000	205,000	130,000	79.51
Revised Forecast (B)	2,410,000	220,000	190,000	120,000	73.39
Variance in Amount (B-A)	-80,000	-20,000	-15,000	-10,000	
Variance in Percentage (%)	-3.2	-8.3	-7.3	-7.7	
Previous year results (Fiscal 2017)	2,190,509	262,694	250,923	133,768	81.81

* "Core Operating Income" excludes gains and losses from non-recurring factors from operating income.

(Reasons for the Revision)

Shipments have been strong in the Energy & Functional Materials Sector and the IT-related Chemicals Sector. On the other hand, in the Petrochemicals & Plastics Sector, against the backdrop of a slowdown in economic growth in China, margins for petrochemical products have eroded. There have also been inventory valuation losses in the sector stemming from a decline in feedstock prices. In addition, in the Health & Crop Sciences Sector, market conditions for the feed additive methionine have been weaker than anticipated. For these reasons, sales revenue and core operating income are expected to fall below the previously announced forecast.

Operating income and net income attributable to owners of the parent are both also expected to fall below the previously announced forecast because of lower core operating income.

Financial Forecast by Seg	(Millions of yen)			
		Fiscal 2018 Previous Forecast (A)	Fiscal 2018 Revised Forecast (B)	Variance in Amount (B-A)
Petrochemicals & Plastics	Sales revenue	790,000	770,000	-20,000
	Core Operating Income	63,000	57,000	-6,000
Energy & Functional Materials	Sales revenue	285,000	285,000	0
	Core Operating Income	20,000	22,000	2,000
IT-related Chemicals	Sales revenue	435,000	405,000	-30,000
	Core Operating Income	20,000	26,000	6,000
Health & Crop Sciences	Sales revenue	410,000	380,000	-30,000
	Core Operating Income	59,000	42,000	-17,000
Pharmaceuticals	Sales revenue	515,000	515,000	0
	Core Operating Income	81,000	81,000	0
Others Adjustments	Sales revenue	55,000	55,000	0
	Core Operating Income	-3,000	-8,000	-5,000
Total	Sales revenue	2,490,000	2,410,000	-80,000
	Core Operating Income	240,000	220,000	-20,000

Cautionary Statement

Statements made in this document 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.