

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 February 28, 2019, as detailed below.

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

(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)	2,410,000	220,000	190,000	120,000	73.39
Revised Forecast (B)	2,318,000	204,000	183,000	118,000	72.17
Variance in Amount (B-A)	-92,000	-16,000	-7,000	-2,000	
Variance in Percentage (%)	-3.8	-7.3	-3.7	-1.7	
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)

Sales revenue will fall below previously published forecasts, due to factors including a significant decrease in shipments of crop protection chemicals owing to frequent extreme weather toward the end of this period in North America and the methionine feed additive market falling below expectations in the Health & Crop Sciences Sector, as well as reduced shipments in the Pharmaceuticals and Petrochemicals & Plastics Sectors.

For core operating income, we expect better results in the Petrochemicals & Plastics Sector, due to a larger improvement in margins for petrochemical and other products than previously assumed, as well as strong results in the Energy & Functional Materials, IT-related Chemicals, and Pharmaceuticals Sectors, roughly in line with previous forecasts. We expect, however, that core operating income will fall below previously published forecasts, due to factors including lower profit in methionine and reduced shipments of crop protection chemicals in North America in the Health & Crop Sciences Sector, as mentioned above.

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 Segment

(Millions of yen)

		Fiscal 2018 Previous Forecast (A)	Fiscal 2018 Revised Forecast (B)	Variance in Amount (B-A)
Petrochemicals & Plastics	Sales revenue	770,000	757,000	-13,000
	Core Operating Income	57,000	61,500	4,500
Energy & Functional Materials	Sales revenue	285,000	283,000	-2,000
	Core Operating Income	22,000	23,000	1,000
IT-related Chemicals	Sales revenue	405,000	397,000	-8,000
	Core Operating Income	26,000	26,000	0
Health & Crop Sciences	Sales revenue	380,000	338,000	-42,000
	Core Operating Income	42,000	19,500	-22,500
Pharmaceuticals	Sales revenue	515,000	492,000	-23,000
	Core Operating Income	81,000	80,500	-500
Others Adjustments	Sales revenue	55,000	51,000	-4,000
	Core Operating Income	-8,000	-6,500	1,500
Total	Sales revenue	2,410,000	2,318,000	-92,000
	Core Operating Income	220,000	204,000	-16,000

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.