

Sumitomo Chemical Announces Revisions to Its Financial Forecast and Projected Dividend for the Full Year Ending March 31, 2020

Based on recent performance trends, Sumitomo Chemical has made revisions to its financial forecasts for the year ending March 31, 2020, previously announced on October 21, 2019, regarding its consolidated financial results for the full year ending March 31, and the projected dividend, as detailed below.

1. Revisions to Consolidated Financial Forecast for the Full Year Ending March 31, 2020

(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) | 2,330,000 | 160,000 | 170,000 | 50,000 | 30.58 |
| Revised Forecast (B) | 2,250,000 | 125,000 | 130,000 | 30,000 | 18.35 |
| Variance in Amount (B-A) | -80,000 | -35,000 | -40,000 | -20,000 | |
| Variance in Percentage (%) | -3.4 | -21.9 | -23.5 | -40.0 | |
| Previous year results (Fiscal 2018) | 2,318,572 | 204,252 | 182,972 | 117,992 | 72.17 |

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

(Reasons for the Revision)

In addition to a deterioration in market conditions for petrochemical products, due in part to the slowdown in China's economy, there has also been as a greater than expected fall in shipments of crop protection chemicals in the Health & Crop Sciences sector because of extreme weather conditions. There were also higher selling, general and administrative expenses and higher research expenses in the Pharmaceuticals sector accompanying the strategic alliance with Roivant Sciences Ltd. In light of these conditions, both sales revenue and core operating income are expected to be lower than the previously announced forecast. This revision also incorporates some degree of impact from the spread of the new coronavirus (COVID-19).

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.

2. Revision to the Projected Dividend

| | Dividend per share | | |
|--|--------------------|------------------|------------------|
| | Second quarter-end | Fiscal year-end | Total |
| Previous forecast (Announced on October 21, 2019) | | To be determined | To be determined |
| Revised forecast | | ¥6.00 | ¥17.00 |
| Actual | ¥11.00 | | |
| Previous year results (Fiscal 2018) | ¥11.00 | ¥11.00 | ¥22.00 |

(Reasons for the Revision)

The Company places a high priority on shareholder return and makes it a policy to maintain stable dividend payments, while giving due consideration to its business performance and a dividend payout ratio for each fiscal year and the amount of retained earnings necessary for future growth.

As stated above, Sumitomo Chemical has made downward revisions to its full-year consolidated financial forecast, and it has therefore decided its projected year-end dividend for fiscal 2019 to 6 yen per share. This will result in a total annual dividend of 17 yen per share.

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.

Information:

Financial Forecast by Segment for the Full Year Ending March 31, 2020

(Millions of yen)

| | | Fiscal 2019 Previous Forecast (A) | Fiscal 2019 Revised Forecast (B) | Variance in Amount (B-A) |
|----------------------------------|-----------------------|---|--|-----------------------------|
| Petrochemicals & Plastics | Sales revenue | 705,000 | 675,000 | -30,000 |
| | Core Operating Income | 24,000 | 16,000 | -8,000 |
| Energy & Functional Materials | Sales revenue | 280,000 | 260,000 | -20,000 |
| | Core Operating Income | 23,000 | 19,000 | -4,000 |
| IT-related Chemicals | Sales revenue | 425,000 | 415,000 | -10,000 |
| | Core Operating Income | 27,000 | 24,000 | -3,000 |
| Health & Crop Sciences | Sales revenue | 365,000 | 350,000 | -15,000 |
| | Core Operating Income | 11,000 | 3,000 | -8,000 |
| Pharmaceuticals | Sales revenue | 500,000 | 500,000 | 0 |
| | Core Operating Income | 81,000 | 68,000 | -13,000 |
| Others Adjustments | Sales revenue | 55,000 | 50,000 | -5,000 |
| | Core Operating Income | -6,000 | -5,000 | 1,000 |
| Total | Sales revenue | 2,330,000 | 2,250,000 | -80,000 |
| | Core Operating Income | 160,000 | 125,000 | -35,000 |