

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Nine Months Ended December 31, 2019**

The Sumitomo Chemical Group's consolidated sales revenue for the nine months ended December 31, 2019, declined by ¥63.4 billion compared with the same period of the previous fiscal year, to ¥1,650.7 billion. The Group posted core operating income of ¥116.3 billion, operating income of ¥127.7 billion, and net income attributable to owners of the parent of ¥37.6 billion, all of which fell short of the results for the previous fiscal year.

“Core operating income” is a gain and loss concept that reflects recurring earning capacity. It excludes gains and losses from non-recurring factors from operating income, including the share of profit of investments accounted for using the equity method.

The Sumitomo Chemical Group's financial results by business segment for the nine-month period were as follows.

Petrochemicals & Plastics

Market prices for petrochemical products and synthetic resins declined because feedstock prices fell below those of the same period of the previous fiscal year. Market conditions for raw materials for synthetic fibers and methyl methacrylate (MMA) also remained at a low level. As a result, the segment's sales revenue declined by ¥58.6 billion compared with the same period of the previous fiscal year, to ¥518.3 billion. Core operating income declined by ¥24.4 billion, to ¥27.4 billion, because of such factors as a decline in the margins of products such as petrochemical products and MMA.

Energy & Functional Materials

Shipments of resorcinol, a raw material for adhesives, remained strong. Meanwhile, market prices for aluminum and for the metal raw materials for cathode materials remained low, resulting in lower selling prices. As a result, the segment's sales revenue declined by ¥24.0 billion compared with the same period of the previous fiscal year, to ¥190.6 billion, and core operating income declined by ¥2.6 billion, to ¥17.7 billion.

IT-related Chemicals

Although selling prices of polarizing film declined, shipments increased because of growth in demand for TV and mobile applications. Shipments of touchscreen panels also increased due to growth in demand. As a result, the segment's sales revenue increased by ¥4.0 billion compared with the same period of the previous fiscal year, to ¥304.9 billion. Due to the significant impact of lower selling prices, core operating income fell by ¥3.6 billion compared with the same period the previous year, to ¥18.7 billion.

Health & Crop Sciences

While market prices for the feed additive methionine declined, shipments increased because of the production capacity expansion in the previous fiscal year. On the other hand, shipments of crop protection chemicals decreased due to the impact of extreme weather in North America. As a result, the segment's sales revenue increased by ¥5.8 billion compared with the same period of the previous fiscal year, to ¥218.5 billion. Core operating income deteriorated by ¥17.5 billion, to a loss of ¥13.6 billion, due to such factors as a decline in margins on methionine and lower shipments of crop protection chemicals.

Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic agent) increased, and also increased in China. On the other hand, shipments of patent-expired originator drugs decreased in Japan. As a result, the segment's sales revenue increased by ¥10.4 billion compared with the same period of the previous fiscal year, to ¥382.2 billion. Because of the increase in sales revenue, lower sales expenses, and lower general and administrative expenses, core operating income increased by ¥8.3 billion, to ¥67.6 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 revenue declined by ¥1.0 billion compared with the same period of the previous fiscal year, to ¥36.1 billion, and core operating income increased by ¥1.4 billion, to ¥7.9 billion.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2019		9 Months ended December 31, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	1,650,733	15,066,931	1,714,124
Core operating income	116,271	1,061,254	154,935
(Share of profit of investments accounted for using the equity method)	(19,776)	(180,504)	(32,446)
Operating income	127,662	1,165,225	142,601
Income before taxes	126,775	1,157,129	148,190
Net income	66,514	607,101	117,606
Net income attributable to non-controlling interests	28,933	264,084	28,637
Net income attributable to owners of the parent	37,581	343,018	88,969
Net income per 1,000 shares	Yen 22,985	USD* 210	Yen 54,414
Comprehensive income	Yen (Millions) 35,221	USD (Thousands)* 321,477	Yen (Millions) 124,731

(2) Financial Position:

	As of December 31, 2019		As of March 31, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,673,587	33,530,367	3,171,618
Total equity	1,337,707	12,209,812	1,351,886

(3) Cash Flows:

	9 Months ended December 31, 2019		9 Months ended December 31, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	63,612	580,613	68,321
Cash flows from investing activities	(418,971)	(3,824,124)	(129,511)
Cash flows from financing activities	463,915	4,234,346	68,511
Cash and cash equivalents at end of period	309,058	2,820,902	242,336

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2019		9 Months ended December 31, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	518,319	4,730,915	576,887
Energy & Functional Materials	190,648	1,740,124	214,652
IT-related Chemicals	304,946	2,783,370	300,938
Health & Crop Sciences	218,497	1,994,314	212,683
Pharmaceuticals	382,222	3,488,700	371,815
Others	36,101	329,508	37,149
	1,650,733	15,066,931	1,714,124
Core operating income			
Petrochemicals & Plastics	27,372	249,836	51,785
Energy & Functional Materials	17,650	161,099	20,209
IT-related Chemicals	18,675	170,455	22,305
Health & Crop Sciences	(13,594)	(124,078)	3,932
Pharmaceuticals	67,561	616,658	59,299
Others	7,873	71,860	6,475
Adjustments	(9,266)	(84,576)	(9,070)
	116,271	1,061,254	154,935

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥109.56 = \$1 prevailing on December 31, 2019.