

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Three Months Ended June 30, 2018**

The Sumitomo Chemical Group's consolidated sales revenue for the first quarter ended June 30, 2018, increased by ¥41.0 billion compared with the same period of the previous fiscal year, to ¥548.9 billion. The Group posted core operating income of ¥48.2 billion, operating income of ¥44.1 billion, and net income attributable to owners of the parent of ¥30.0 billion, all representing year-on-year declines.

“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 share of profit of investments accounted for using the equity method.

The Sumitomo Chemical Group's financial results by business segment for the first quarter ended June 30, 2018, were as follows.

Petrochemicals & Plastics

Market prices for petrochemical products rose because of higher feedstock prices. Market conditions for raw materials for synthetic fibers and methyl methacrylate (MMA) also increased. In addition, for associates accounted for using the equity method, the earnings of Rabigh Refining and Petrochemical Company improved due chiefly to a continued high level of capacity utilization. As a result, the segment's sales revenue grew by ¥32.2 billion compared with the same period of the previous fiscal year, to ¥185.6 billion. Core operating income increased by ¥2.8 billion, to ¥17.8 billion.

Energy & Functional Materials

Shipments of separators and cathode materials for lithium-ion secondary batteries rose on higher demand. Shipments of high purity alumina also increased, primarily for use in battery materials. As a result, the segment's sales revenue increased by ¥9.0 billion compared with the same period of the previous fiscal year, to ¥68.5 billion. Core operating income grew by ¥1.1 billion, to ¥5.9 billion.

IT-related Chemicals

Shipments of polarizing film increased due to growth in demand, while selling prices of both touchscreen panels and polarizing film declined. As a result, the segment's sales revenue decreased by ¥1.6 billion compared with the same period of the previous fiscal year, to ¥89.2 billion, but improvements in business performance such as the increase in shipments of polarizing film and streamlining led to a rise in core operating income by ¥1.0 billion compared with the same period of the previous fiscal year, to ¥4.3 billion.

Health & Crop Sciences

Shipments of agricultural chemicals increased, primarily in regions outside Japan, such as South America and Asia. On the other hand, the stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales revenue increased by ¥1.9 billion compared with the same period of the previous fiscal year, to ¥69.4 billion. Core operating income declined by ¥2.9 billion, to ¥2.6 billion compared with the same period of the previous fiscal year due to degradation of terms of trade accompanying a rise in feedstock prices.

Pharmaceuticals

In North America, although the stronger yen had a negative effect on sales from overseas subsidiaries in yen terms, sales of Aptiom® (antiepileptic drug) and other treatments increased. On the other hand, results in Japan were adversely impacted by drug price revisions instituted by Japan's National Health Insurance. As a result, the segment's sales revenue were essentially unchanged from the same period of the previous fiscal year at ¥124.3 billion. Core operating income declined by ¥6.3 billion, to ¥19.7 billion compared with the same period of the previous fiscal year due to the impact of drug price revisions and higher sales expenses.

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 came to ¥11.9 billion, almost unchanged from the same period of the previous fiscal year, and core operating income declined by ¥0.8 billion, to ¥1.6 billion.

Summary of Consolidated Results

(1) Results of Operations:

	3 Months ended June 30, 2018		3 Months ended June 30, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	548,943	4,966,012	507,912
Core operating income	48,202	436,059	53,505
(Share of profit of investments accounted for using the equity method)	(13,394)	(121,169)	(7,468)
Operating income	44,096	398,914	66,204
Income before taxes	51,703	467,731	66,752
Net income	41,133	372,110	52,376
Net income attributable to non-controlling interests	11,122	100,615	18,547
Net income attributable to owners of the parent	30,011	271,494	33,829
Net income per 1,000 shares	Yen 18,355	USD* 166	Yen 20,689
Comprehensive income	Yen (Millions) 45,024	USD (Thousands)* 407,310	Yen (Millions) 50,002

(2) Financial Position:

	As of June 30, 2018		As of March 31, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,156,525	28,555,500	3,068,685
Total equity	1,265,900	11,451,963	1,252,214

(3) Cash Flows:

	3 Months ended June 30, 2018		3 Months ended June 30, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	(17,153)	(155,175)	29,453
Cash flows from investing activities	(41,726)	(377,474)	(17,530)
Cash flows from financing activities	58,551	529,682	9,978
Cash and cash equivalents at end of period	235,000	2,125,927	214,392

(4) Results of Operations by Business Segment:

	3 Months ended June 30, 2018		3 Months ended June 30, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	185,625	1,679,256	153,474
Energy & Functional Materials	68,548	620,119	59,596
IT-related Chemicals	89,157	806,559	90,757
Health & Crop Sciences	69,368	627,538	67,472
Pharmaceuticals	124,306	1,124,534	124,623
Others	11,939	108,006	11,990
	548,943	4,966,012	507,912
Core operating income			
Petrochemicals & Plastics	17,827	161,272	15,033
Energy & Functional Materials	5,912	53,483	4,848
IT-related Chemicals	4,291	38,819	3,303
Health & Crop Sciences	2,631	23,801	5,497
Pharmaceuticals	19,683	178,062	25,947
Others	1,640	14,836	2,395
Adjustments	(3,782)	(34,214)	(3,518)
	48,202	436,059	53,505

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥110.54 = \$1 prevailing on June 30, 2018.