

Financial Results for FY2018 & Outlook for FY2019

May 15, 2019



(Cautionary Statement)

Statements made in this material 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.

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1. Consolidated Financial Results for FY2018 Ended March 31, 2019

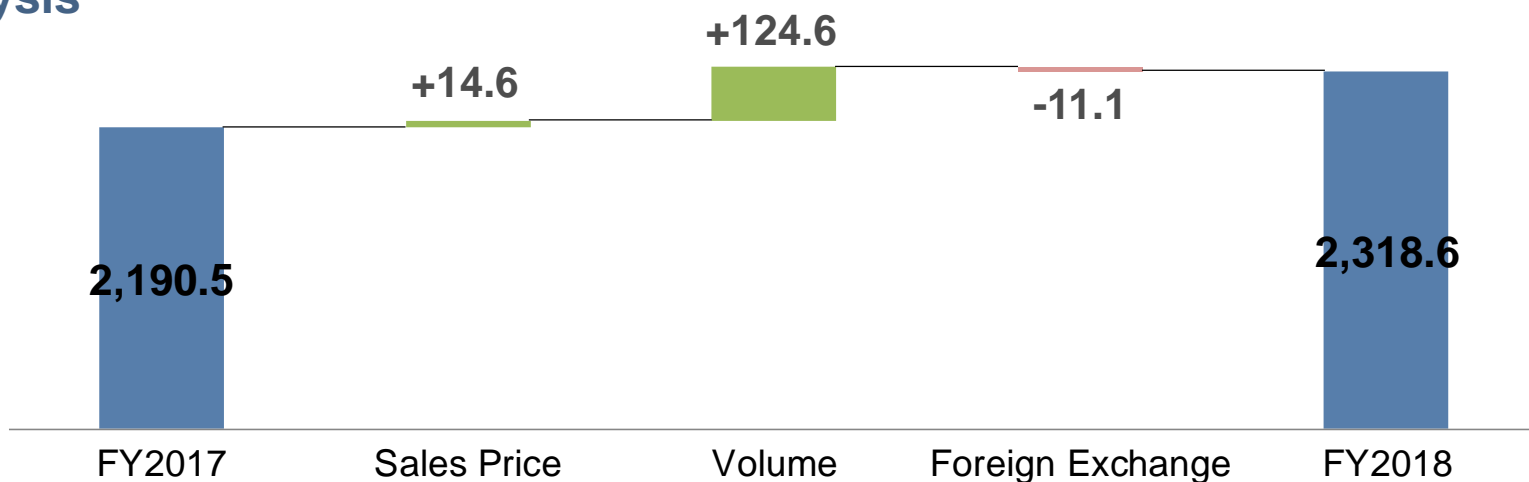
Unit; billions of yen

	FY2017	FY2018	Difference	Ratio
Sales revenue	2,190.5	2,318.6	128.1	5.8%
Core operating income (Equity in earnings)	262.7 (55.3)	204.3 (37.2)	-58.4 (-18.1)	-22.2% -
Non-recurring items	-11.8	-21.3	-9.5	-
Operating income	250.9	183.0	-68.0	-27.1%
Finance income/expenses	-10.1	5.4	15.5	-
(Gain/loss on foreign currency transactions)	(-9.6)	(5.5)	(15.1)	-
Income tax expenses	-62.7	-35.9	26.7	-
Net income attributable to non-controlling interests	-44.4	-34.5	9.9	-
Net income attributable to owners of the parent	133.8	118.0	-15.8	-11.8%
ROE	15.4%	12.3%		
Exchange rate(yen/\$)	110.85	110.92		
Naphtha price(yen/KL)	41,900	49,500		
Overseas sales revenue ratio	63.2%	64.9%		

Unit; billions of yen

	FY2017	FY2018	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals & Plastics	674.1	757.5	83.4	12.4%	29.5	53.9	0.0
Energy & Functional Materials	251.0	282.9	31.9	12.7%	9.0	23.1	-0.2
IT-related Chemicals	368.7	396.8	28.1	7.6%	-10.0	41.5	-3.4
Health & Crop Sciences	339.7	338.1	-1.6	-0.5%	-5.5	11.2	-7.3
Pharmaceuticals	500.2	492.1	-8.1	-1.6%	-8.4	0.4	-0.1
Others & Adjustments	56.8	51.1	-5.6	-9.9%	0.0	-5.6	0.0
Total	2,190.5	2,318.6	128.1	5.8%	14.6	124.6	-11.1

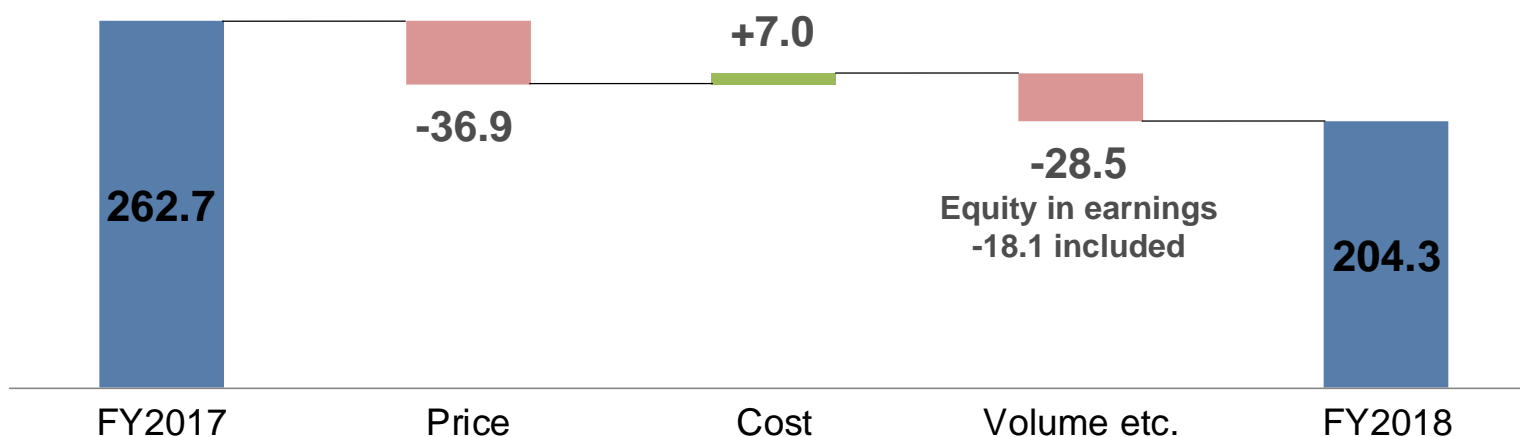
Analysis



Unit; billions of yen

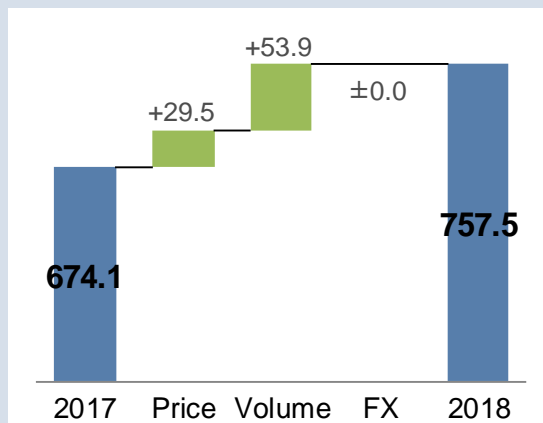
	FY2017	FY2018	Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
Petrochemicals & Plastics	94.6	61.6	-33.0	-6.0	1.0	-28.0	-33.0
Energy & Functional Materials	19.2	23.0	3.8	-2.5	-3.5	9.8	3.8
IT-related Chemicals	12.3	26.2	13.9	-10.5	10.0	14.4	13.9
Health & Crop Sciences	44.0	19.7	-24.2	-9.5	-4.0	-10.7	-24.2
Pharmaceuticals	94.8	80.8	-14.0	-8.4	3.5	-9.1	-14.0
Others & Adjustments	-2.2	-7.0	-4.9	0.0	0.0	-4.9	-4.9
Total	262.7	204.3	-58.4	-36.9	7.0	-28.5	-58.4

Analysis



Sales revenue

Total ¥757.5 billion (+83.4 from FY2017)



Sales price

+29.5

- Rise in market prices

Volume

+53.9

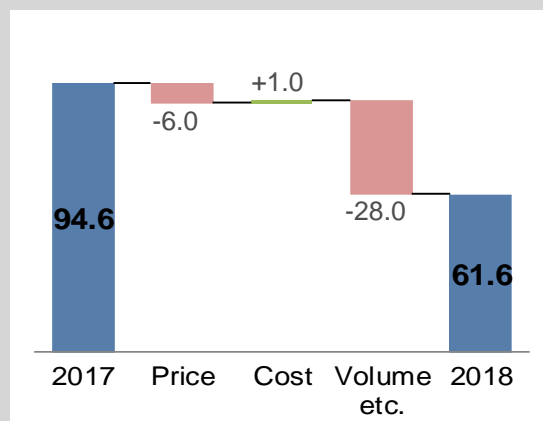
- Increase in shipments of Rabigh products

Foreign exchange

0.0

Core Operating Income

Total ¥61.6 billion (-33.0 from FY2017)



Price variance

-6.0

- Decrease in profit margin on petrochemical products and synthetic resins

Cost variance

+1.0

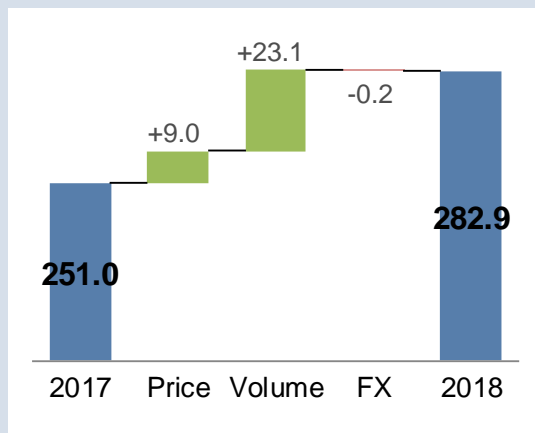
Volume variance etc.

-28.0

- Decrease in equity in earnings of affiliates
- Decrease in shipments due to periodic plant maintenance in the Chiba works and Singapore
- Decrease in license revenue

Sales revenue

Total ¥282.9 billion (+31.9 from FY2017)



Sales price

+9.0

- Higher market price for aluminum

Volume

+23.1

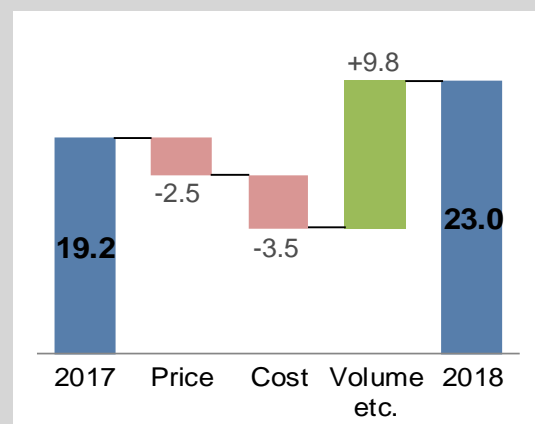
- Increase in shipments of lithium-ion secondary battery separators
- Increase in shipments of high purity alumina

Foreign exchange

-0.2

Core Operating Income

Total ¥23.0 billion (+3.8 from FY2017)



Price variance

-2.5

Cost variance

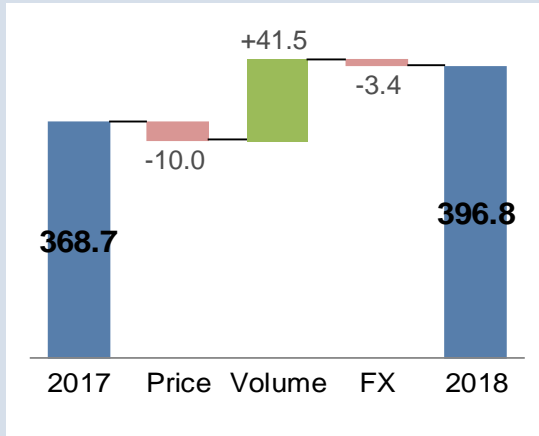
-3.5

Volume variance etc.

+9.8

- Increase in shipments of lithium-ion secondary battery separators
- Increase in shipments of high purity alumina

Sales revenue



Total ¥396.8 billion (+28.1 from FY2017)

Sales price

-10.0

- Decline in the selling price of polarizing film

Volume

+41.5

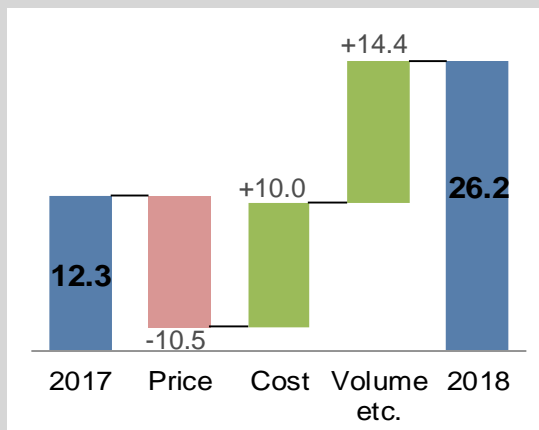
- Increase in shipments of polarizing film
- Increase in shipments of touchscreen panels

Foreign exchange

-3.4

Core Operating Income

Total ¥26.2 billion (+13.9 from FY2017)



Price variance

-10.5

- Decline in the selling price of polarizing film

Cost variance

+10.0

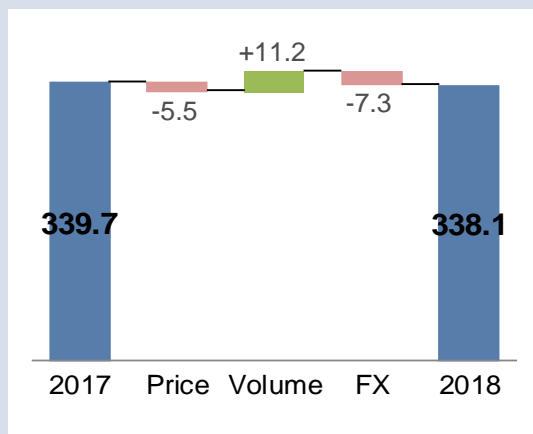
- Rationalization of the use of raw materials
- Improvement of production yields

Volume variance etc.

+14.4

- Increase in shipments of polarizing film
- Increase in shipments of touchscreen panels

Sales revenue



Total ¥338.1 billion (-1.6 from FY2017)

Sales price

-5.5

- Lower market price for feed additive methionine

Volume

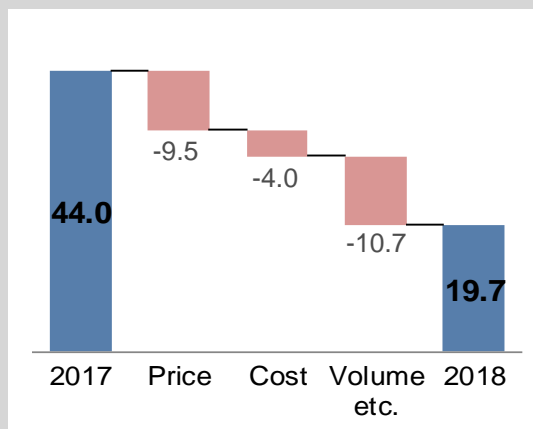
+11.2

- Increase due to new consolidation of a subsidiary in Japan
- Increase in shipments of crop protection chemicals in South America and Asia
- Decrease in shipments of crop protection chemicals in North America due to frequent extreme weather.

Foreign exchange

-7.3

Core Operating Income



Total ¥19.7 billion (-24.2 from FY2017)

Price variance

-9.5

- Decrease in profit margin on feed additive methionine

Cost variance

-4.0

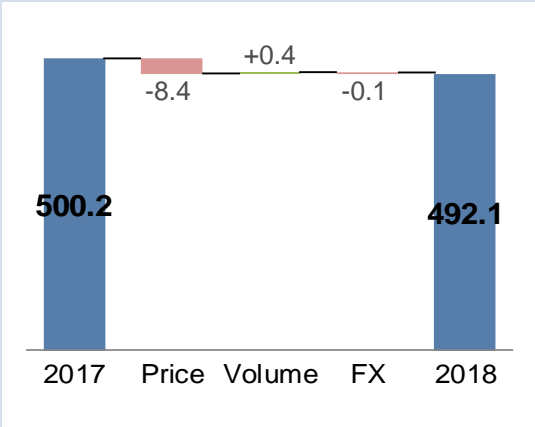
- Launch of new production line for feed additive methionine

Volume variance etc.

-10.7

- Decrease in shipment of crop protection chemicals in North America due to frequent extreme weather
- Equity method investment loss on Nufarm

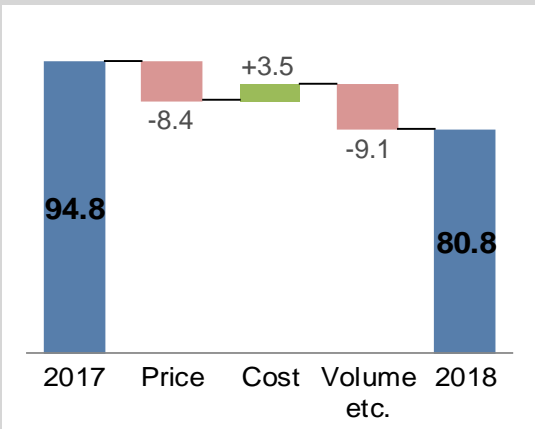
Sales revenue



Total ¥492.1 billion (-8.1 from FY2017)

- Sales price** -8.4
 - NHI price revisions in Japan
- Volume** +0.4
 - Increase in shipments of Latuda® in North America
 - Decrease in shipments of long-listed brands in Japan
- Foreign exchange** -0.1

Core Operating Income



Total ¥80.8 billion (-14.0 from FY2017)

- Price variance** -8.4
 - NHI price revisions in Japan
- Cost variance** +3.5
 - Decrease in R&D expenses
- Volume variance etc.** -9.1
 - One time gain from divestiture of ciclesonide products in FY2017

Unit; billions of yen

	FY2017	FY2018	Difference
Impairment loss	-12.4	-24.6	-12.3
Restructuring charges	-14.2	-9.1	5.1
Changes in fair value of contingent consideration	6.1	9.0	2.8
Reversal of impairment loss	3.5	3.0	-0.5
Gain on sale of property, plant and equipment	6.8	1.4	-5.4
Others	-1.6	-0.9	0.7
Non-recurring items	-11.8	-21.3	-9.5

Unit: billions of yen

	31-Mar-18	31-Mar-19	Difference		31-Mar-18	31-Mar-19	Difference
Current assets	1,254.8	1,291.2	36.4	Liabilities	1,816.5	1,819.7	3.3
Cash and cash equivalents	231.9	201.7	-30.3	Trade and other payables	486.8	482.9	-4.0
Trade and other receivables	530.6	550.0	19.4	Interest-bearing Liabilities	842.2	839.5	-2.6
Inventories	446.8	489.3	42.5	Others	487.5	497.3	9.9
Others	45.5	50.3	4.8	Equity	1,252.2	1,351.9	99.7
Non-current assets	1,813.9	1,880.4	66.5	Shareholders' equity	842.0	922.3	80.3
Property, plant and equipment	675.7	735.9	60.2	Other components of equity	85.2	76.4	-8.7
Goodwill and Intangible assets	355.5	343.5	-12.0	Non-controlling interests	325.1	353.2	28.1
Others	782.6	801.0	18.3				
Total	3,068.7	3,171.6	102.9	Total	3,068.7	3,171.6	102.9
				Equity attributable to owners of parent to total assets	30.2%	31.5%	1.3%
				D/E ratio (times)	0.7	0.6	-0.1

Unit; billions of yen

	FY2017	FY2018	Difference
Cash flows from operating activities	293.3	208.1	-85.1
Cash flows from investing activities	-154.5	-180.8	-26.3
Free cash flows	138.7	27.3	-111.4
Cash flows from financing activities	-94.3	-60.9	33.4
Effect of exchange rate changes on cash and cash equivalents	-5.8	3.3	9.1
Net change in cash and cash equivalents	38.6	-30.3	-68.9
Cash and cash equivalents at end of year	231.9	201.7	-30.3

2. Outlook for FY2019

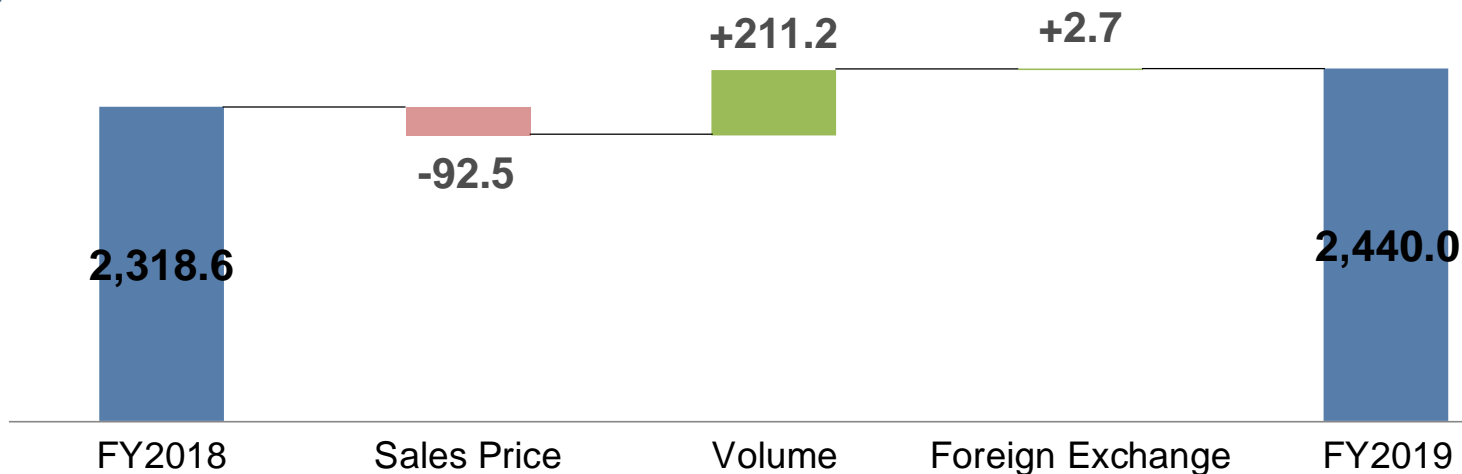
Unit: billions of yen

	FY2018	FY2019 (estimated)	Difference	Ratio
Sales revenue	2,318.6	2,440.0	121.4	5.2%
Core operating income	204.3	205.0	0.7	0.4%
(Equity in earnings)	(37.2)	(23.0)	(-14.2)	-
(Non-recurring items)	(-21.3)	(-15.0)	(6.3)	-
Operating income	183.0	190.0	7.0	3.8%
Net income attributable to owners of the parent	118.0	100.0	-18.0	-15.2%
ROE	12.3%	9.7%		
Exchange rate(yen/\$)	110.92	110.00		
Naphtha price(yen/KL)	49,500	43,000		

Unit; billions of yen

	FY2018	FY2019 (estimated)	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals & Plastics	757.5	765.0	7.5	1.0%	-65.0	75.2	-2.7
Energy & Functional Materials	282.9	310.0	27.2	9.6%	3.5	22.9	0.8
IT-related Chemicals	396.8	425.0	28.2	7.1%	-29.5	51.4	6.3
Health & Crop Sciences	338.1	390.0	51.9	15.4%	-1.5	55.1	-1.7
Pharmaceuticals	492.1	495.0	2.9	0.6%	0.0	2.9	0.0
Others & Adjustments	51.1	55.0	3.9	7.6%	0.0	3.9	0.0
Total	2,318.6	2,440.0	121.4	5.2%	-92.5	211.2	2.7

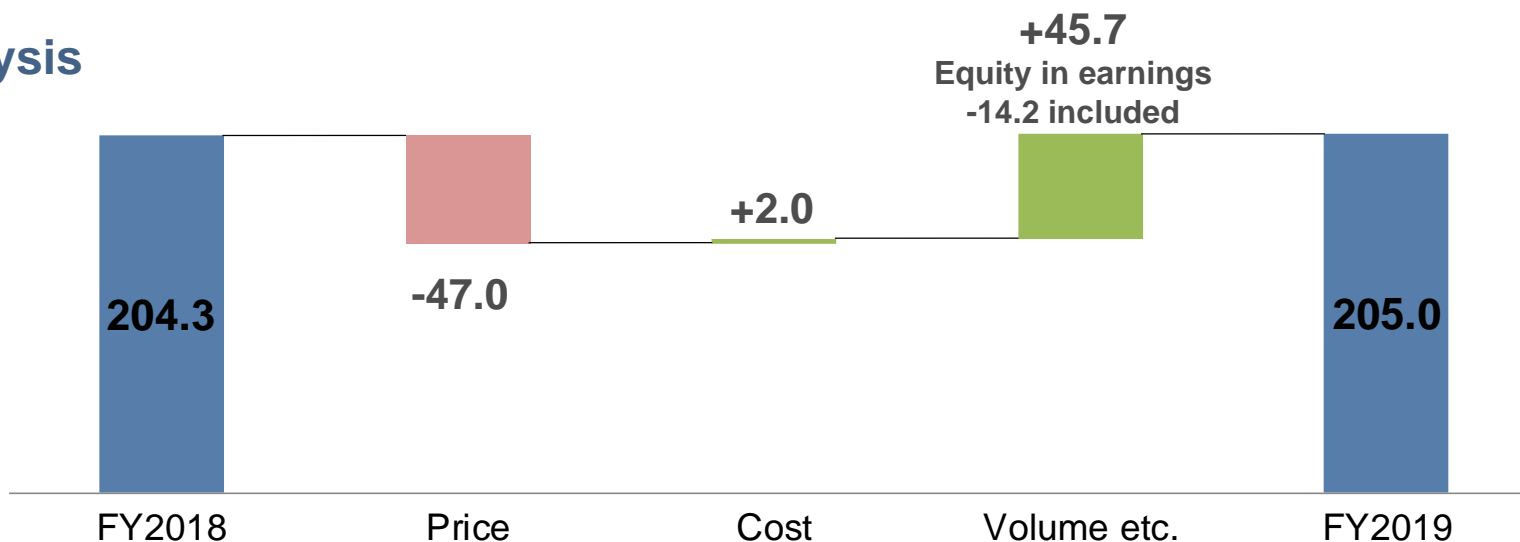
Analysis



Unit; billions of yen

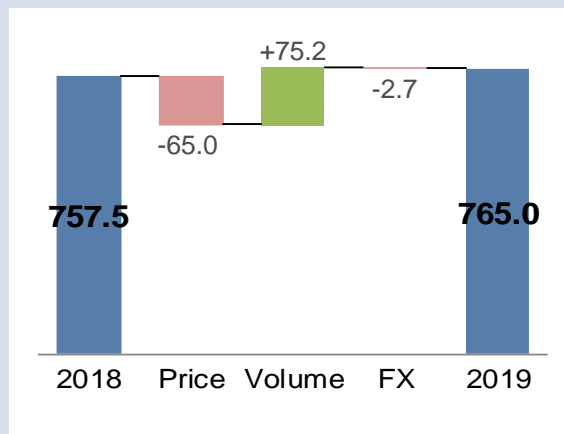
	FY2018	FY2019 (estimated)	Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
Petrochemicals & Plastics	61.6	40.0	-21.6	-15.0	-0.5	-6.1	-21.6
Energy & Functional Materials	23.0	25.0	2.0	-3.5	-1.0	6.5	2.0
IT-related Chemicals	26.2	27.0	0.8	-28.5	6.0	23.3	0.8
Health & Crop Sciences	19.7	37.0	17.3	0.0	-4.5	21.8	17.3
Pharmaceuticals	80.8	81.0	0.2	0.0	2.0	-1.8	0.2
Others & Adjustments	-7.0	-5.0	2.0	0.0	0.0	2.0	2.0
Total	204.3	205.0	0.7	-47.0	2.0	45.7	0.7

Analysis



Sales revenue

Total ¥765.0 billion (+7.5 from FY2018)



Sales price

-65.0

- Lower market prices

Volume

+75.2

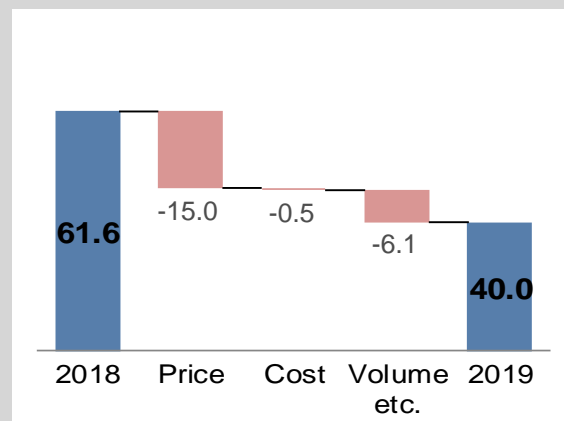
- Increase in shipments of Rabigh products
- Increase in shipment volume after the FY2018 periodic plant maintenance in the Chiba works and Singapore

Foreign exchange

-2.7

Core Operating Income

Total ¥40.0 billion (-21.6 from FY2018)



Price variance

-15.0

- Decrease in profit margin on MMA and synthetic resins

Cost variance

-0.5

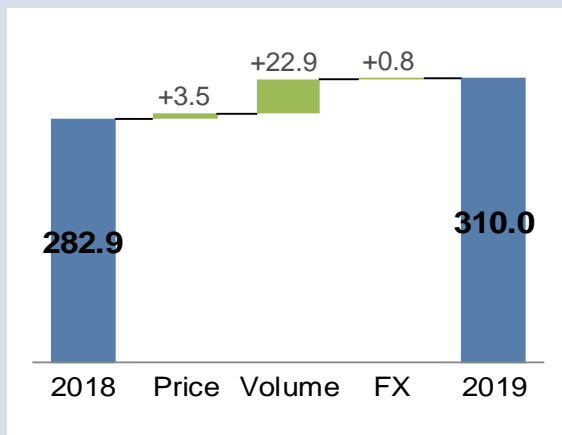
Volume variance etc.

-6.1

- Decrease in equity in earnings of affiliates
- Increase in shipment volume after the FY2018 periodic plant maintenance in the Chiba works and Singapore

Sales revenue

Total ¥310.0 billion (+27.2 from FY2018)



Sales price

+3.5

- Higher market price for aluminum

Volume

+22.9

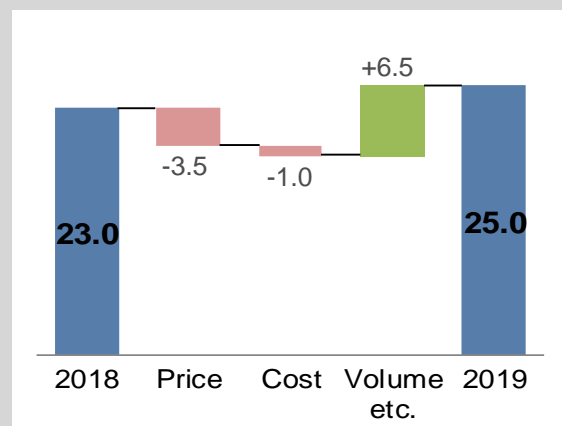
- Increase in shipments of lithium-ion secondary battery separators
- Increase in shipment volume after the FY2018 periodic plant maintenance in the Chiba works

Foreign exchange

+0.8

Core Operating Income

Total ¥25.0 billion (+2.0 from FY2018)



Price variance

-3.5

- Decrease in profit margins on advanced polymers

Cost variance

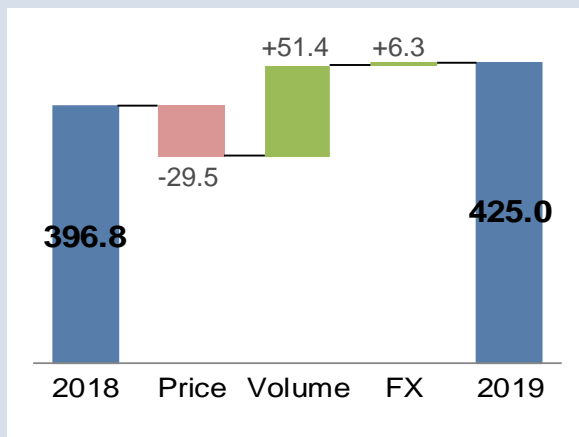
-1.0

Volume variance etc.

+6.5

- Increase in shipments of lithium-ion secondary battery separators
- Increase in shipment volume after the FY2018 periodic plant maintenance in the Chiba works

Sales revenue



Total ¥425.0 billion (+28.2 from FY2018)

Sales price

-29.5

- Decline in the selling price of polarizing film
- Decline in the selling price of touchscreen panels

Volume

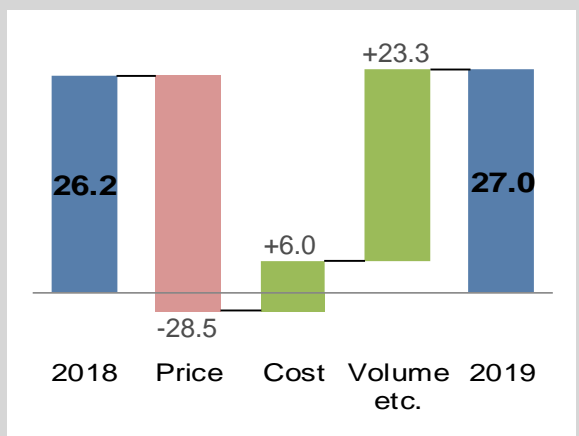
+51.4

- Increase in shipments of polarizing film
- Increase in shipments of touchscreen panels
- Increase in shipments of high-purity chemicals for Semiconductors

Foreign exchange

+6.3

Core Operating Income



Total ¥27.0 billion (+0.8 from FY2018)

Price variance

-28.5

- Decline in the selling price of polarizing film
- Decline in the selling price of touchscreen panels

Cost variance

+6.0

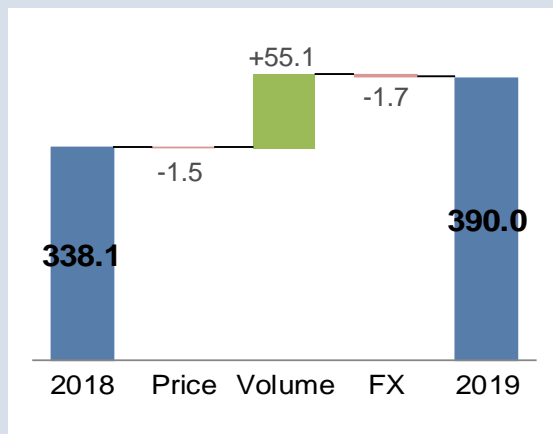
- Rationalization of the use of raw materials
- Improvement of production yields

Volume variance etc.

+23.3

- Increase in shipments of polarizing film
- Increase in shipments of touchscreen panels
- Increase in shipments of high-purity chemicals for Semiconductors

Sales revenue



Total ¥390.0 billion (+51.9 from FY2018)

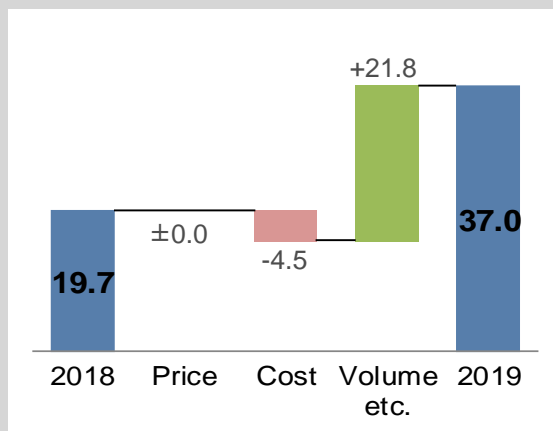
Sales price
-1.5

Volume
+55.1

Foreign exchange
-1.7

- Increase in shipments of feed additive methionine
- Increase in shipments of crop protection chemicals due to the recovery from the negative influence of extreme weather in FY2018.

Core Operating Income



Total ¥37.0 billion (+17.3 from FY2018)

Price variance
0.0

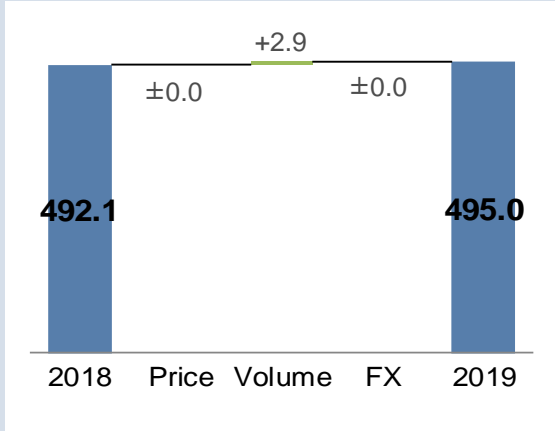
Cost variance
-4.5

Volume variance etc.
+21.8

- Launch of new production line of feed additive methionine
- Increase in shipments of feed additive methionine
- Increase in shipments of crop protection chemicals due to the recovery from the negative influence of extreme weather in FY2018.

Sales revenue

Total ¥495.0 billion (+2.9 from FY2018)



Sales price

0.0

Volume

+2.9

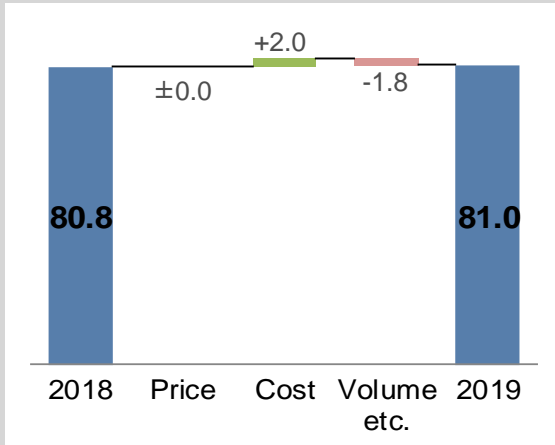
- Increase in shipments of Latuda® in North America
- Decrease in shipments of long-listed brands in Japan

Foreign exchange

0.0

Core Operating Income

Total ¥81.0 billion (+0.2 from FY2018)



Price variance

0.0

Cost variance

+2.0

- Decrease in sales expenses
- Increase in R&D expenses

Volume variance etc.

-1.8

- Decrease in shipments of long-listed brands in Japan

Unit; billions of yen

	FY2018	FY2019 (estimated)	Difference
Cash flows from operating activities	208.1	220.0	11.9
Cash flows from investing activities	-180.8	-340.0	-159.1
Free cash flows	27.3	-120.0	-147.3
Cash flows from financing activities	-60.9	165.0	225.9
Effect of exchange rate changes on cash and cash equivalents	3.3	0.0	-3.3
Net change in cash and cash equivalents	-30.3	45.0	75.2
Interest-bearing debt balance	839.5	1,050.0	210.5

(Reference: Segment Information)

Petrochemicals & Plastics

- Started the shipment of products from the Rabigh Phase 2 Project
- Decided to restart a Methyl Methacrylate production line in Singapore

Energy & Functional Materials

- Expanded production capacity for Polyether Sulfone (PES)
- Decided to expand production capacity for cathode materials (Tanaka Chemical Corp.)

IT-related Chemicals

- Expanded production capacity for high-purity chemicals for semiconductors in China (Changzhou/Xi'an)
- A polarizing film manufacturing company in China became a wholly owned subsidiary
- Acquired shares of JOLED

Health & Crop Sciences

- Completed construction of a new production line for feed additive methionine
- Decided to merge group companies in India
- Expanded R&D facilities (CRC in Takarazuka, BRC in VBC)

Pharmaceuticals

- Resolution of disputes under a consolidated patent infringement lawsuit regarding ANDAs for LATUDA in the U.S. (One case is pending)
- Efforts toward regenerative medicine through collaboration with Kyoto University's Center for iPS Cell Research and Application (CiRA).

Unit; billions of yen

	FY2017				FY2018				FY2019 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1st Half	2nd Half
Petrochemicals & Plastics	153.5	166.6	176.5	177.5	185.6	194.8	196.5	180.6	385.0	380.0
Energy & Functional Materials	59.6	60.6	67.5	63.2	68.5	72.3	73.8	68.2	150.0	160.0
IT-related Chemicals	90.8	97.8	98.1	82.1	89.2	106.3	105.5	95.9	210.0	215.0
Health & Crop Sciences	67.5	70.2	78.5	123.5	69.4	68.8	74.5	125.4	165.0	225.0
Pharmaceuticals	124.6	123.5	132.3	119.8	124.3	118.4	129.1	120.3	245.0	250.0
Others & Adjustments	12.0	13.7	12.6	18.5	11.9	12.7	12.6	14.0	25.0	30.0
Total	507.9	532.4	565.5	584.6	548.9	573.2	592.0	604.4	1,180.0	1,260.0

Unit; billions of yen

	FY2017				FY2018				FY2019 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1st Half	2nd Half
Petrochemicals & Plastics	15.0	26.8	28.9	23.9	17.8	17.6	16.4	9.8	19.0	21.0
Energy & Functional Materials	4.8	5.5	5.6	3.3	5.9	6.9	7.4	2.8	12.5	12.5
IT-related Chemicals	3.3	5.7	4.6	-1.2	4.3	10.5	7.5	3.9	13.5	13.5
Health & Crop Sciences	5.5	2.9	10.3	25.3	2.6	-0.2	1.5	15.8	0.0	37.0
Pharmaceuticals	25.9	32.2	23.5	13.2	19.7	19.6	20.0	21.5	40.0	41.0
Others & Adjustments	-1.1	0.4	-0.9	-0.5	-2.1	-0.6	0.1	-4.4	-5.0	0.0
Total	53.5	73.5	71.8	63.8	48.2	53.9	52.8	49.3	80.0	125.0

Unit; billions of yen

	FY2017	FY2018	FY2019 (estimated)
Capital Expenditures	158.8	163.7	153.0
Depreciation and Amortization	107.1	112.5	135.0
Research & Development Expenses	165.3	163.5	175.0
Number of Employees (as of March 31)	31,837	32,542	34,000

Unit; billions of yen

	FY2017	FY2018	Difference
Petrochemicals & Plastics	17.4	31.5	14.1
Energy & Functional Materials	22.5	24.3	1.8
IT-related Chemicals	24.5	33.6	9.1
Health & Crop Sciences	56.3	39.9	-16.4
Pharmaceuticals	21.2	16.9	-4.4
Others & Adjustments	16.8	17.6	0.7
Total	158.8	163.7	4.8

Unit; billions of yen

	FY2018	FY2019 (estimated)	Difference
Petrochemicals & Plastics	31.5	29.5	-2.0
Energy & Functional Materials	24.3	31.0	6.7
IT-related Chemicals	33.6	44.0	10.5
Health & Crop Sciences	39.9	18.5	-21.4
Pharmaceuticals	16.9	13.0	-3.9
Others & Adjustments	17.6	17.0	-0.6
Total	163.7	153.0	-10.7

Unit; billions of yen

	FY2017	FY2018	Difference
Petrochemicals & Plastics	23.0	22.0	-0.9
Energy & Functional Materials	13.9	15.4	1.5
IT-related Chemicals	29.6	31.1	1.5
Health & Crop Sciences	16.2	18.7	2.5
Pharmaceuticals	15.1	16.3	1.2
Others & Adjustments	9.4	9.0	-0.4
Total	107.1	112.5	5.4

Unit; billions of yen

	FY2018	FY2019 (estimated)	Difference
Petrochemicals & Plastics	22.0	26.5	4.5
Energy & Functional Materials	15.4	16.0	0.6
IT-related Chemicals	31.1	34.5	3.4
Health & Crop Sciences	18.7	25.5	6.8
Pharmaceuticals	16.3	19.5	3.2
Others & Adjustments	9.0	13.0	4.0
Total	112.5	135.0	22.5

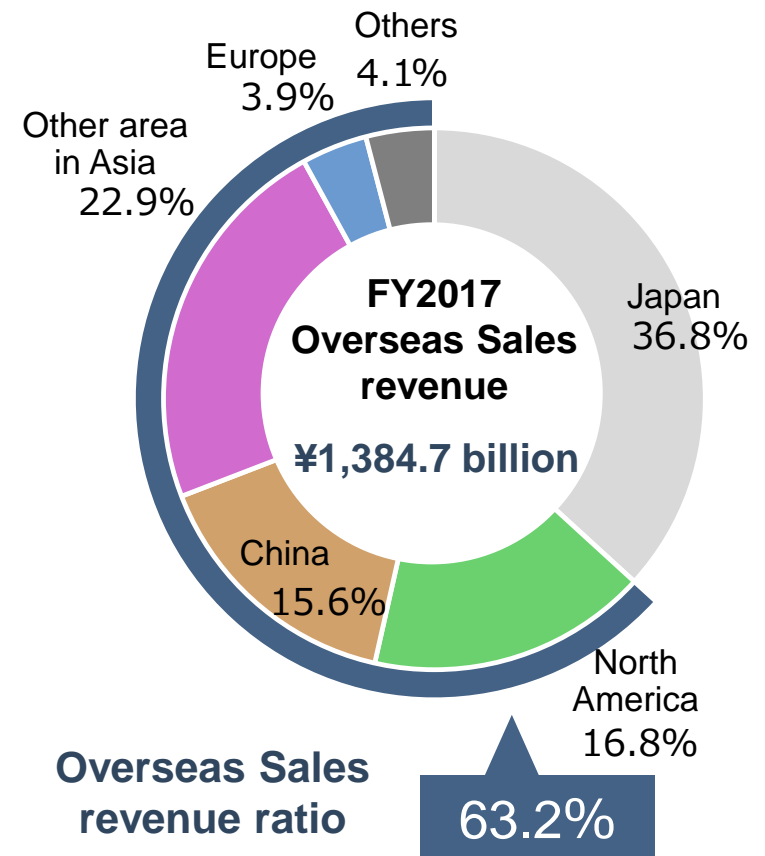
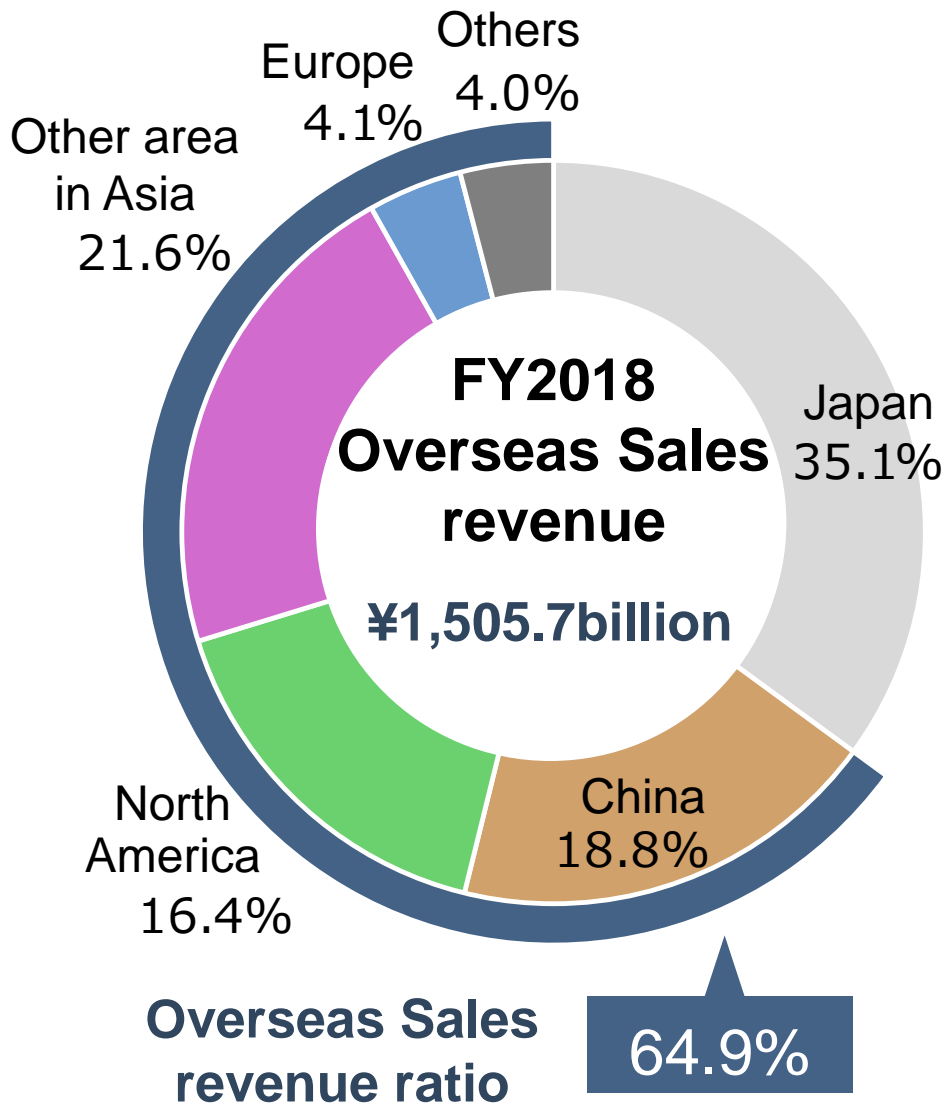
Unit; billions of yen

	FY2017	FY2018	Difference
Petrochemicals & Plastics	6.6	7.1	0.4
Energy & Functional Materials	7.5	8.5	1.0
IT-related Chemicals	17.3	17.3	-0.0
Health & Crop Sciences	29.3	29.3	0.0
Pharmaceuticals	89.3	85.1	-4.3
Others & Adjustments	15.3	16.2	0.9
Total	165.3	163.5	-1.9

Unit; billions of yen

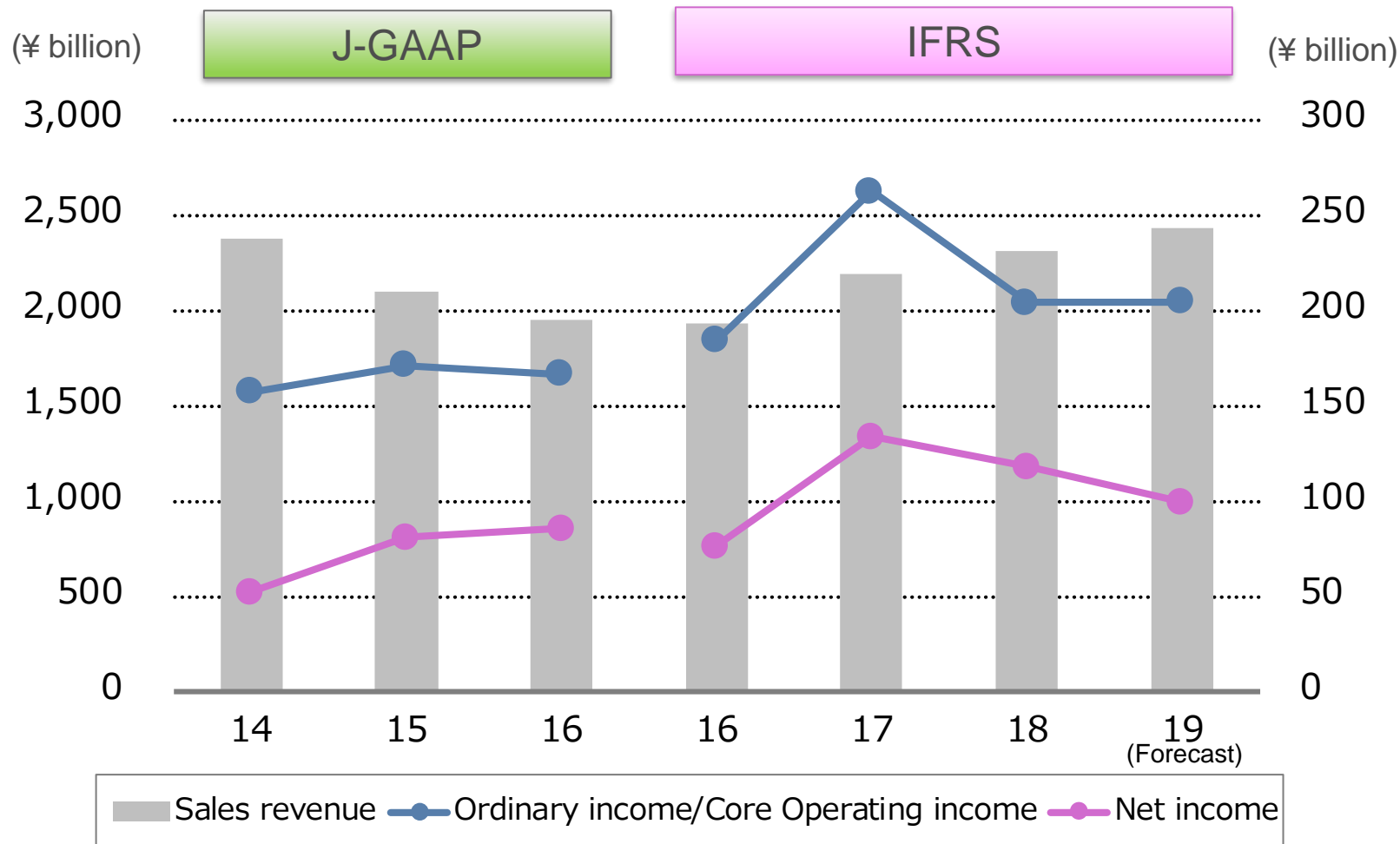
	FY2018	FY2019 (estimated)	Difference
Petrochemicals & Plastics	7.1	7.5	0.4
Energy & Functional Materials	8.5	8.5	0.0
IT-related Chemicals	17.3	18.0	0.7
Health & Crop Sciences	29.3	34.0	4.7
Pharmaceuticals	85.1	89.0	3.9
Others & Adjustments	16.2	18.0	1.8
Total	163.5	175.0	11.5

Company	Sales Revenue		Profit Trends
	FY2017	FY2018	
The Polyolefin Company (Singapore) (millions of USD)	1,179	1,146	Decreased margins and decreased sales volume due to periodic plant maintenance in the current term.
Petrochemical Corporation of Singapore (millions of USD)	2,692	2,770	Decreased margins and decreased sales volume due to periodic plant maintenance in the current term.
Rabigh Refining and Petrochemical Company (millions of SAR)	34,211	40,998	Lower margin on oil refining.
Dongwoo Fine-Chem (billions of KRW)	2,160.8	2,383.2	Increased due to higher sales volume and other factors despite lower selling price.
Valent U.S.A. and Subsidiaries (millions of USD)	915	848	Weather conditions have created market delays and reduced market opportunities.



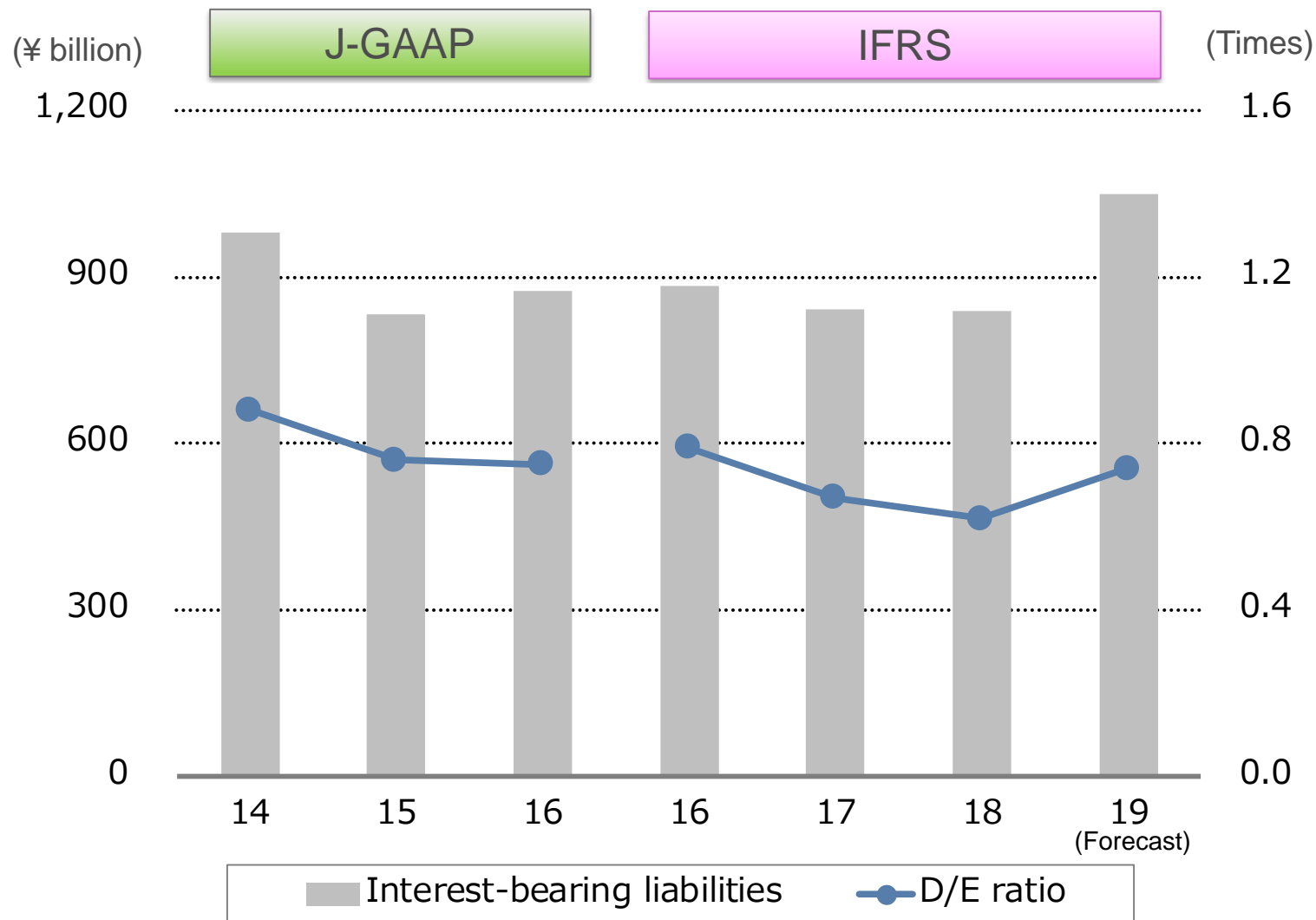
Sales revenue

Profit



Interest-bearing liabilities

D/E ratio



Dividends per share

Payout ratio

