



Financial Results of FY2016 First Quarter



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Sumitomo Chemical Co., Ltd.



(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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Financial Summary

Unit; billions of yen

	FY2015 1st Quarter	FY2016 1st Quarter	Difference	Ratio
Net Sales	556.6	456.6	-100.0	-18.0%
Operating Income	33.2	25.3	-7.9	-23.7%
(Equity in earnings of affiliates, included in ordinary income)	(14.8)	(10.2)	(-4.6)	-
(Net gain / loss on foreign currency transactions, included in ordinary income)	(1.8)	(-9.3)	(-11.1)	-
Ordinary Income	49.8	25.8	-23.9	-48.0%
(Extraordinary Gain / Loss)	(5.2)	(-0.5)	(-5.7)	-
(Income taxes)	(-13.0)	(-4.8)	(8.3)	-
Net income	41.9	20.6	-21.3	-
(Net income attributable to non-controlling interests)	(-7.9)	(-8.4)	(-0.4)	-
Net income attributable to owners of the parent	34.0	12.2	-21.7	-64.0%
ROE	4.2%	1.7%		
Exchange Rate (yen/USD)	121.43	108.04		
Naphtha Price (yen/KL)	48,800	31,500		

Net Sales by Business Segments I

Unit; billions of yen

	FY2015 1st Quarter	FY2016 1st Quarter	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals	198.5	137.0	-61.5	-31.0%	-26.5	-25.9	-9.1
Energy & Functional Materials	52.5	47.0	-5.5	-10.5%	-6.0	1.5	-1.0
IT-related Chemicals	104.1	86.0	-18.1	-17.4%	-8.5	5.4	-14.9
Health & Crop Sciences	82.0	64.0	-18.0	-21.9%	-5.5	-6.4	-6.0
Pharmaceuticals	106.2	111.7	5.5	5.2%	-2.0	14.2	-6.7
Others & Adjustments	13.4	10.9	-2.5	-18.4%	0.0	-2.5	-0.0
Total	556.6	456.6	-100.0	-18.0%	-48.5	-13.7	-37.8
Overseas Operations	350.3	276.7	-73.6	-21.0%			
Overseas Ratio	62.9%	60.6%					

*With the changes in reported segments classification methods as of April 1, 2016, the amount of the previous period has been modified for purposes of comparison. (All the segment information are modified in the same manner.)

Net Sales by Business Segments II

Unit: billions of yen

	FY2015 1st Quarter	FY2016 1st Quarter	Difference	Main Factors
Petrochemicals	198.5	137.0	-61.5	<ul style="list-style-type: none"> • Decline in market prices for petrochemical products and synthetic resins due to lower feedstock prices • Decrease in shipments of petrochemical products • Negative effect of the stronger yen
Energy & Functional Materials	52.5	47.0	-5.5	<ul style="list-style-type: none"> • Decline in market prices for aluminum • Increase in shipments of resorcinol and engineering plastics
IT-related Chemicals	104.1	86.0	-18.1	<ul style="list-style-type: none"> • Increase in shipments of touchscreen panels • Decline in selling prices of polarizing film and touchscreen panels • Negative effect of the stronger yen
Health & Crop Sciences	82.0	64.0	-18.0	<ul style="list-style-type: none"> • Lower market price for feed additive methionine • Decrease in shipments of crop protection chemicals in overseas market • Negative effect of the stronger yen
Pharmaceuticals	106.2	111.7	5.5	<ul style="list-style-type: none"> • Sales expansion of Latuda® in North America • NHI price revision in Japan • Negative effect of the stronger yen
Others & Adjustments	13.4	10.9	-2.5	
Total	556.6	456.6	-100.0	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2015 1st Quarter	FY2016 1st Quarter					
Petrochemicals	6.9	1.8	-5.2	-3.0	-1.0	-1.2	-5.2
Energy & Functional Materials	0.0	0.7	0.7	0.0	0.0	0.7	0.7
IT-related Chemicals	7.3	1.4	-5.9	-11.0	5.0	0.1	-5.9
Health & Crop Sciences	16.1	9.1	-7.0	-3.0	-1.5	-2.5	-7.0
Pharmaceuticals	5.8	15.3	9.5	-2.0	-3.5	15.0	9.5
Others & Adjustments	-3.0	-3.0	0.0	0.0	0.5	-0.5	0.0
Total	33.2	25.3	-7.9	-19.0	-0.5	11.6	-7.9

Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2015 1st Quarter	FY2016 1st Quarter		
Petrochemicals	6.9	1.8	-5.2	<ul style="list-style-type: none"> • Margin erosion of petrochemical products and raw material for synthetic fibers
Energy & Functional Materials	0.0	0.7	0.7	<ul style="list-style-type: none"> • Increase in shipments of resorcinol and engineering plastics
IT-related Chemicals	7.3	1.4	-5.9	<ul style="list-style-type: none"> • Increase in shipments of touchscreen panels • Decline in selling prices of polarizing film and touchscreen panels • Negative effect of the stronger yen
Health & Crop Sciences	16.1	9.1	-7.0	<ul style="list-style-type: none"> • Lower market price for feed additive methionine • Decrease in shipments of crop protection chemicals in overseas market • Negative effect of the stronger yen
Pharmaceuticals	5.8	15.3	9.5	<ul style="list-style-type: none"> • Sales expansion of Latuda® in North America • Increase in selling and R&D expenses • NHI price revision in Japan
Others & Adjustments	-3.0	-3.0	0.0	
Total	33.2	25.3	-7.9	

Consolidated Balance Sheets

Unit; billions of yen

	31-Mar-16	30-Jun-16	Difference		31-Mar-16	30-Jun-16	Difference
Current Assets	1,187.9	1,154.9	-33.0	Liabilities	1,571.4	1,550.9	-20.4
Cash and cash equivalents	215.6	206.8	-8.8	Trade notes and accounts payable	205.2	189.6	-15.6
Trade notes and accounts receivable	414.8	384.8	-30.0	Interest-bearing Liabilities	831.5	890.0	58.5
Inventories	402.3	389.4	-12.9	Others	534.7	471.3	-63.4
Others	155.3	174.0	18.8	Net Assets	1,090.8	1,017.9	-72.9
Non-current Assets	1,474.2	1,413.9	-60.3	Shareholders' equity	643.7	646.2	2.5
Property, plant and equipment	642.2	620.6	-21.5	Accumulated other comprehensive income	123.2	64.1	-59.1
Intangible assets	187.3	172.0	-15.3	Non-controlling interests	323.9	307.6	-16.3
Investment and other assets	644.8	621.3	-23.5				
Total	2,662.2	2,568.8	-93.3	Total	2,662.2	2,568.8	-93.3
				Shareholders' equity ratio	28.8%	27.7%	-1.1%

Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2015 1st Quarter	FY2016 1st Quarter	Difference
Cash flows from operating activities	-3.7	-9.4	-5.7
Cash flows from investing activities	0.8	-34.8	-35.5
Free cash flows	-3.0	-44.2	-41.2
Cash flows from financing activities	45.3	52.5	7.2
Effect of exchange rate changes on cash and cash equivalents	3.3	-17.2	-20.4
Net change in cash and cash equivalents	45.6	-8.8	-54.4
Cash and cash equivalents (at June 30)	245.9	206.8	-39.2

Major Subsidiaries

Company	Net Sales		Profit Trends
	FY2015 1st Quarter	FY2016 1st Quarter	
The Polyolefin Company (Singapore) (millions of USD)	335	267	Maintaining due to better margins
Petrochemical Corporation of Singapore (millions of USD)	730	572	Maintaining due to better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	7,648	4,947	Decreased due to a delay in a restart of operation after periodic plant maintenance
Dongwoo Fine-Chem (billions of KRW)	562	517	Decreased due to lower selling price and other factors despite higher sales volume
Valent U.S.A. and Subsidiaries (millions of USD)	226	191	Decreased due to timing difference and other factors

(Reference: Segment Information)

Net Sales by Business Segments (Quarterly)

	FY2015				FY2016	Unit; billions of yen FY2016 (estimated)	
	1Q	2Q	3Q	4Q	1Q	1st Half	2nd Half
Petrochemicals	198.5	163.6	156.3	138.7	137.0	280.0	310.0
Energy & Functional Materials	52.5	52.6	52.0	51.9	47.0	105.0	110.0
IT-related Chemicals	104.1	104.0	96.6	79.8	86.0	180.0	190.0
Health & Crop Sciences	82.0	75.2	71.1	130.7	64.0	150.0	205.0
Pharmaceuticals	106.2	108.8	113.5	107.0	111.7	215.0	225.0
Others & Adjustments	13.4	15.0	12.4	16.0	10.9	30.0	30.0
Total	556.6	519.3	501.9	524.0	456.6	960.0	1,070.0

Operating Income by Business Segments (Quarterly)

	FY2015				FY2016	Unit: billions of yen FY2016 (estimated)	
	1Q	2Q	3Q	4Q	1Q	1st Half	2nd Half
Petrochemicals	6.9	6.4	12.4	3.0	1.8	7.0	10.0
Energy & Functional Materials	0.0	2.3	1.2	-0.7	0.7	3.0	3.0
IT-related Chemicals	7.3	8.8	4.8	-1.0	1.4	8.0	9.0
Health & Crop Sciences	16.1	10.9	13.8	36.6	9.1	18.0	47.0
Pharmaceuticals	5.8	13.5	15.7	7.7	15.3	18.0	25.0
Others & Adjustments	-3.0	-0.9	-2.6	-0.7	-3.0	-4.0	-4.0
Total	33.2	41.1	45.3	44.9	25.3	50.0	90.0