

Financial Results
of
FY2015 Third Quarter



February 3, 2016



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

	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)	Difference	Ratio
Net Sales	1,723.0	1,577.8	-145.2	-8.4%
Operating Income	71.4	119.5	48.2	67.5%
(Equity in earnings of affiliates, included in ordinary income)	(20.0)	(29.5)	(9.5)	-
(Net gain / loss on foreign currency transactions, included in ordinary income)	(8.2)	(-1.1)	(-9.3)	-
Ordinary Income	98.7	143.7	45.0	45.6%
(Extraordinary Gain / Loss)	(1.3)	(3.8)	(2.5)	-
(Income taxes)	(-36.4)	(-36.6)	(-0.2)	-
Net income	63.6	110.9	47.3	-
(Net income attributable to non-controlling interests)	(-16.4)	(-26.3)	(-9.9)	-
Net income attributable to owners of the parent	47.2	84.6	37.3	79.1%
ROE	6.8%	10.4%		
Exchange Rate (yen/USD)	106.73	121.74		
Naphtha Price (yen/KL)	68,900	45,700		

Net Sales by Business Segments I

Unit; billions of yen

	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals	709.2	518.4	-190.8	-26.9%	-88.5	-132.2	29.9
Energy & Functional Materials	148.7	139.1	-9.7	-6.5%	-3.0	-7.3	0.6
IT-related Chemicals	298.2	322.8	24.5	8.2%	-30.0	33.6	20.9
Health & Crop Sciences	218.6	228.4	9.7	4.4%	11.5	-9.0	7.2
Pharmaceuticals	303.1	328.5	25.4	8.4%	0.0	7.0	18.5
Others & Adjustments	45.0	40.7	-4.3	-9.6%	0.0	-4.3	0.0
Total	1,723.0	1,577.8	-145.2	-8.4%	-110.0	-112.3	77.1
Overseas Operations	1,026.5	977.6	-48.9	-4.8%			
Overseas Ratio	59.6%	62.0%					

*With the changes in reported segments classification methods as of April 1, 2015, 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

	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)	Difference	Main Factors
Petrochemicals	709.2	518.4	-190.8	<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 and synthetic resins • Positive effect of the weaker yen
Energy & Functional Materials	148.7	139.1	-9.7	<ul style="list-style-type: none"> • Decrease in shipments of aluminum and resorcinol
IT-related Chemicals	298.2	322.8	24.5	<ul style="list-style-type: none"> • Decline in selling prices of polarizing film and touchscreen panels • Increase in shipments of polarizing film and touchscreen panels • Positive effect of the weaker yen
Health & Crop Sciences	218.6	228.4	9.7	<ul style="list-style-type: none"> • Higher market price for feed additive methionine • Positive effect of the weaker yen
Pharmaceuticals	303.1	328.5	25.4	<ul style="list-style-type: none"> • Sales expansion of Latuda® in North America • Positive effect of the weaker yen
Others & Adjustments	45.0	40.7	-4.3	
Total	1,723.0	1,577.8	-145.2	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)					
Petrochemicals	7.1	25.8	18.7	19.0	3.0	-3.3	18.7
Energy & Functional Materials	0.1	-0.5	-0.7	2.0	1.0	-3.7	-0.7
IT-related Chemicals	23.8	24.9	1.2	-32.0	5.0	28.2	1.2
Health & Crop Sciences	22.5	40.9	18.3	15.5	-1.5	4.3	18.3
Pharmaceuticals	27.6	35.0	7.4	0.0	1.0	6.4	7.4
Others & Adjustments	-9.8	-6.5	3.2	0.0	3.0	0.2	3.2
Total	71.4	119.5	48.2	4.5	11.5	32.2	48.2

Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)		
Petrochemicals	7.1	25.8	18.7	<ul style="list-style-type: none"> • Better margins for petrochemical products and synthetic resins due to lower feedstock prices • Temporary licensing revenues
Energy & Functional Materials	0.1	-0.5	-0.7	<ul style="list-style-type: none"> • Decrease in shipments of aluminum and resorcinol
IT-related Chemicals	23.8	24.9	1.2	<ul style="list-style-type: none"> • Decline in selling prices of polarizing film and touchscreen panels • Increase in shipments of polarizing film and touchscreen panels • Positive effect of the weaker yen
Health & Crop Sciences	22.5	40.9	18.3	<ul style="list-style-type: none"> • Higher market price for feed additive methionine • Positive effect of the weaker yen
Pharmaceuticals	27.6	35.0	7.4	<ul style="list-style-type: none"> • Sales expansion of Latuda® in North America
Others & Adjustments	-9.8	-6.5	3.2	
Total	71.4	119.5	48.2	

Consolidated Balance Sheets

Unit; billions of yen

	31-Mar-15	31-Dec-15	Difference		31-Mar-15	31-Dec-15	Difference
Current Assets	1,260.9	1,293.2	32.3	Liabilities	1,762.2	1,720.7	-41.4
Cash and cash equivalents	202.0	284.0	82.0	Trade notes and accounts payable	258.2	221.1	-37.0
Trade notes and accounts receivable	456.1	388.0	-68.1	Interest-bearing Liabilities	980.2	964.9	-15.3
Inventories	439.9	449.9	10.0	Others	523.8	534.7	10.9
Others	163.0	171.3	8.3	Net Assets	1,118.2	1,173.8	55.6
Non-current Assets	1,619.5	1,601.4	-18.1	Shareholders' equity	582.0	646.8	64.9
Property, plant and equipment	694.4	678.5	-15.9	Accumulated other comprehensive income	209.4	187.6	-21.8
Intangible assets	204.1	197.4	-6.7	Non-controlling interests	326.9	339.4	12.5
Investment and other assets	721.0	725.5	4.5				
Total	2,880.4	2,894.5	14.2	Total	2,880.4	2,894.5	14.2
				Shareholders' equity ratio	27.5%	28.8%	1.3%

Consolidated Statements of Cash Flows

Unit: billions of yen

	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)	Difference
Cash flows from operating activities	-12.7	169.2	181.9
Cash flows from investing activities	-32.5	-34.3	-1.8
Free cash flows	-45.2	134.9	180.1
Cash flows from financing activities	112.5	-47.4	-159.8
Effect of exchange rate changes on cash and cash equivalents	19.5	-3.7	-23.3
Net change in cash and cash equivalents	86.8	83.7	-3.1
Cash and cash equivalents (at December 31)	219.7	284.0	64.3

Major Subsidiaries

Company	Net Sales		Profit Trends
	FY2014 3rd Quarter (year to date)	FY2015 3rd Quarter (year to date)	
The Polyolefin Company (Singapore) (millions of USD)	1,134	930	Improved due to better margins
Petrochemical Corporation of Singapore (millions of USD)	2,757	1,902	Improved due to better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	43,090	22,818	Decreased due to loss on write-down of inventory
Dongwoo Fine-Chem (billions of KRW)	1,616	1,668	Increased due to higher sales volume and other factors despite lower selling price
Valent U.S.A. and Subsidiaries (millions of USD)	551	517	Decreased due to lower sales volume and other factors



(Reference : Segment Information)

Net Sales by Business Segments (Quarterly)

Unit; billions of yen

	FY2014				FY2015			FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half (estimated)
Petrochemicals	227.6	243.3	238.3	223.1	198.5	163.6	156.3	362.1	367.9
Energy & Functional Materials	48.6	50.1	50.0	54.1	46.5	46.9	45.7	93.4	101.6
IT-related Chemicals	98.1	96.6	103.6	106.9	110.1	109.8	102.9	219.9	225.1
Health & Crop Sciences	73.8	67.6	77.2	126.8	82.0	75.2	71.1	157.3	232.7
Pharmaceuticals	97.8	96.6	108.7	100.5	106.2	108.8	113.5	215.0	220.0
Others & Adjustments	11.0	17.2	16.8	42.5	13.4	15.0	12.4	28.3	26.7
Total	556.9	571.5	594.5	653.7	556.6	519.3	501.9	1,075.9	1,174.1

Operating Income by Business Segments (Quarterly)

Unit; billions of yen

	FY2014				FY2015			FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half (estimated)
Petrochemicals	-0.4	1.8	5.8	13.7	6.9	6.4	12.4	13.4	11.6
Energy & Functional Materials	-0.9	0.1	0.9	0.6	-1.3	1.0	-0.2	-0.3	1.3
IT-related Chemicals	8.8	5.7	9.3	8.6	8.6	10.1	6.2	18.7	11.3
Health & Crop Sciences	6.1	5.3	11.1	33.6	16.1	10.9	13.8	27.1	47.9
Pharmaceuticals	10.2	5.2	12.1	1.4	5.8	13.5	15.7	19.4	14.6
Others & Adjustments	-4.7	-1.0	-4.0	-2.0	-3.0	-0.9	-2.6	-3.9	-6.1
Total	19.1	17.1	35.2	56.0	33.2	41.1	45.3	74.2	80.8