

Sumitomo Chemical Reports Consolidated Financial Results For the Three Months Ended June 30, 2017

The Sumitomo Chemical Group's consolidated financial results for the first quarter ended June 30, 2017 were as follows. Sales increased by ¥52.0 billion compared with the same period of the previous fiscal year, to ¥508.5 billion. The Group posted operating income of ¥37.6 billion, ordinary income of ¥46.2 billion and net income attributable to owners of the parent of ¥31.6 billion, all representing year-on-year increases.

The Sumitomo Chemical Group's financial results by business segment for the first quarter ended June 30, 2017 were as follows.

Petrochemicals & Plastics

Market prices of petrochemical products and synthetic resins rose because of higher feedstock prices. Market prices of raw materials for synthetic fibers and methyl methacrylate (MMA) also increased. As a result, the segment's sales grew by ¥19.6 billion compared with the same period of the previous fiscal year, to ¥156.5 billion. Operating income increased by ¥8.5 billion, to ¥10.3 billion.

Energy & Functional Materials

Shipments of resorcinol, a raw material for adhesives, and engineering plastics increased due to a rise in demand. Shipments of separators for lithium-ion secondary batteries also rose due to production capacity expansion. In addition, the acquisition of a manufacturer of cathode materials in the previous fiscal year pushed up sales. As a result, the segment's sales increased by ¥12.3 billion compared with the same period of the previous fiscal year, to ¥59.3 billion. Operating income grew by ¥3.9 billion, to ¥4.6 billion.

IT-related Chemicals

Although selling prices of touchscreen panels and polarizing film declined, shipments increased due to growth in demand. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales increased by ¥4.8 billion compared with the same period of the previous fiscal year, to ¥90.8 billion. Operating income rose by ¥1.6 billion, to ¥3.0 billion.

Health & Crop Sciences

Sales of the feed additive methionine dropped due to lower market prices. Shipments of crop protection chemicals declined in North America. Meanwhile, the acquisition of an Indian agrochemicals company in the previous fiscal year boosted sales. As a result, the segment's sales increased by ¥1.2 billion compared with the same period of the previous fiscal year, to ¥65.2 billion. Operating income declined by ¥6.1 billion, to ¥3.0 billion.

Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic) and other drugs increased steadily. In Japan, sales of Trulicity® (type 2 diabetes drug), Aimix® (anti-hypertension drug) and other drugs rose as well. As a result, the segment's sales increased by ¥13.1 billion from the same period of the previous fiscal year, to ¥124.8 billion. Operating income grew by ¥5.0 billion, to ¥20.3 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 increased by ¥1.1 billion compared with the same period of the previous fiscal year, to ¥12.0 billion. Operating income declined by ¥0.4 billion, to ¥0.4 billion.

Equity in earnings of affiliates decreased by ¥2.5 billion compared with the same period of the previous fiscal year, to ¥7.7 billion. Earnings of Petrochemical Corporation of Singapore remained strong, while earnings of Rabigh Refining and Petrochemical Company (Petro Rabigh) deteriorated due to lower profit margins on refined products.

Summary of Consolidated Results

(1) Results of Operations:

	3 Months ended June 30, 2017		3 Months ended June 30, 2016
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales	508,514	4,540,304	456,555
Operating income	37,624	335,929	25,326
Ordinary income	46,187	412,384	25,848
Income before income taxes and non-controlling interests	55,317	493,902	25,330
Net income	44,928	401,143	20,575
Net income attributable to non-controlling interests	13,373	119,402	8,359
Net income attributable to owners of the parent	31,555	281,741	12,216
	Yen	USD*	Yen
Net income per 1,000 shares	19,310	172	7,475
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	40,329	360,080	(55,582)

(2) Financial Position:

	As of June 30, 2017		As of March 31, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	2,918,047	26,053,991	2,862,052
Total net assets	1,183,626	10,568,089	1,162,526

(3) Cash Flows:

	3 Months ended June 30, 2017		3 Months ended June 30, 2016
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	24,946	222,732	(9,392)
Cash flows from investing activities	(16,484)	(147,179)	(34,781)
Cash flows from financing activities	12,589	112,402	52,508
Cash and cash equivalents at end of period	214,378	1,914,089	206,759

(4) Results of Operations by Business Segment:

	3 Months ended June 30, 2017		3 Months ended June 30, 2016
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales			
Petrochemicals & Plastics	156,549	1,397,759	136,966
Energy & Functional Materials	59,286	529,339	46,985
IT-related Chemicals	90,752	810,286	86,002
Health & Crop Sciences	65,203	582,170	64,038
Pharmaceuticals	124,754	1,113,875	111,663
Others	11,970	106,875	10,901
	508,514	4,540,304	456,555
Operating income			
Petrochemicals & Plastics	10,282	91,804	1,781
Energy & Functional Materials	4,648	41,500	717
IT-related Chemicals	3,042	27,161	1,402
Health & Crop Sciences	3,013	26,902	9,100
Pharmaceuticals	20,293	181,188	15,309
Others	429	3,830	818
Adjustments	(4,083)	(36,456)	(3,801)
	37,624	335,929	25,326

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥112.00= \$1 prevailing on June 30, 2017.