

For Immediate Release

February 1, 2019

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Nine Months Ended December 31, 2018**

The Sumitomo Chemical Group's consolidated sales revenue for the nine months ended December 31, 2018, increased by ¥108.3 billion compared with the same period of the previous fiscal year, to ¥1,714.1 billion. The Group posted core operating income of ¥154.9 billion, operating income of ¥142.6 billion, and net income attributable to owners of the parent of ¥89.0 billion, all of which represented 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 nine-month period were as follows.

Petrochemicals & Plastics

Market conditions for petrochemical products rose because of higher feedstock prices. Market conditions for raw materials for synthetic fibers and methyl methacrylate (MMA) also increased. As a result, the segment's sales revenue grew by ¥80.3 billion compared with the same period of the previous fiscal year, to ¥576.9 billion. Core operating income declined by ¥18.9 billion, to ¥51.8 billion due to factors such as the impact of periodic plant maintenance at the Chiba Works and in Singapore, as well as margin erosion for petrochemical products.

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 ¥26.9 billion compared with the same period of the previous fiscal year, to ¥214.7 billion, and core operating income grew by ¥4.3 billion, to ¥20.2 billion.

IT-related Chemicals

Although selling prices of polarizing film declined, shipments increased due to growth in demand for TV and mobile applications. As a result, the segment's sales revenue increased by ¥14.3 billion compared with the same period of the previous fiscal year, to ¥300.9 billion, and core operating income rose by ¥8.7 billion, to ¥22.3 billion.

Health & Crop Sciences

Shipments of agricultural chemicals increased in South America and Asia. On the other hand, sales of the feed additive methionine dropped due to lower market prices. In addition, depreciation of emerging market currencies had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales revenue fell by ¥3.5 billion compared with the same period of the previous fiscal year, to ¥212.7 billion. Because of such factors as margin erosion from an increase in raw material prices, core operating income declined by ¥14.7 billion, to ¥3.9 billion compared with the same period of the previous fiscal year.

Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic), 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 declined by ¥8.6 billion compared with the same period of the previous fiscal year, to ¥371.8 billion. Because of the impact of the drug price revisions and higher sales expenses, and because a one-time gain was recorded in the same period of the previous fiscal year on the transfer of a business, core operating income declined by ¥22.3 billion, to ¥59.3 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 revenue declined by ¥1.2 billion from the same period of the previous fiscal year, to ¥37.1 billion, and core operating income declined by ¥2.7 billion, to ¥6.5 billion.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2018		9 Months ended December 31, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	1,714,124	15,442,559	1,605,868
Core operating income	154,935	1,395,811	198,847
(Share of profit of investments accounted for using the equity method)	(32,446)	(292,306)	(40,049)
Operating income	142,601	1,284,694	192,330
Income before taxes	148,190	1,335,045	194,084
Net income	117,606	1,059,514	146,248
Net income attributable to non-controlling interests	28,637	257,991	37,626
Net income attributable to owners of the parent	88,969	801,523	108,622
Net income per 1,000 shares	Yen 54,414	USD* 490	Yen 66,431
Comprehensive income	Yen (Millions) 124,731	USD (Thousands)* 1,123,703	Yen (Millions) 186,699

(2) Financial Position:

	As of December 31, 2018		As of March 31, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,270,512	29,464,072	3,068,685
Total equity	1,328,594	11,969,315	1,252,214

(3) Cash Flows:

	9 Months ended December 31, 2018		9 Months ended December 31, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	68,321	615,505	151,253
Cash flows from investing activities	(129,511)	(1,166,766)	(112,785)
Cash flows from financing activities	68,511	617,216	14,667
Cash and cash equivalents at end of period	242,336	2,183,207	249,987

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2018		9 Months ended December 31, 2017
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	576,887	5,197,180	496,612
Energy & Functional Materials	214,652	1,933,802	187,748
IT-related Chemicals	300,938	2,711,153	286,596
Health & Crop Sciences	212,683	1,916,063	216,178
Pharmaceuticals	371,815	3,349,685	380,421
Others	37,149	334,676	38,313
	1,714,124	15,442,559	1,605,868
Core operating income			
Petrochemicals & Plastics	51,785	466,532	70,712
Energy & Functional Materials	20,209	182,063	15,910
IT-related Chemicals	22,305	200,946	13,586
Health & Crop Sciences	3,932	35,423	18,618
Pharmaceuticals	59,299	534,225	81,633
Others	6,475	58,333	9,131
Adjustments	(9,070)	(81,711)	(10,743)
	154,935	1,395,811	198,847

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥111.00 = \$1 prevailing on December 31, 2018.