

Financial Results for FY2017 Third Quarter

February 6, 2018



(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.

Financial Results for FY2017 Third Quarter

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(Reference)

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Financial Results for FY2017 Third Quarter

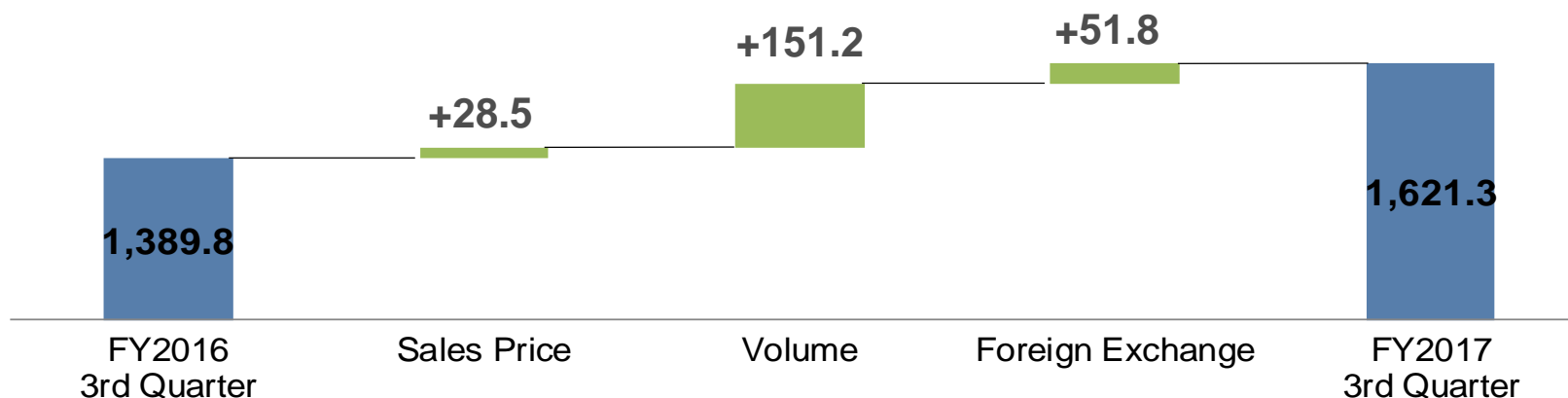
Unit: billions of yen

	FY2016 3rd Quarter	FY2017 3rd Quarter	Difference	Ratio
Net sales	1,389.8	1,621.3	231.5	16.7%
Operating income	86.3	131.1	44.9	52.0%
(Equity in earnings of affiliates)	(25.8)	(40.1)	(14.3)	-
(Net exchange gain / loss)	(6.5)	(1.7)	(-4.8)	-
Ordinary income	115.0	171.2	56.2	48.9%
(Extraordinary gain / loss)	(-8.0)	(2.7)	(10.7)	-
(Income taxes)	(-24.8)	(-25.6)	(-0.8)	-
Net income	82.1	148.3	66.1	-
(Net income attributable to non-controlling interests)	(-26.8)	(-39.7)	(-12.9)	-
Net income attributable to owners of the parent	55.3	108.6	53.2	96.3%
ROE	7.1%	12.4%		
Exchange rate (yen/USD)	106.60	111.69		
Naphtha price (yen/KL)	32,300	39,700		
Overseas sales ratio	60.4%	63.6%		

Unit; billions of yen

	FY2016 3rd Quarter	FY2017 3rd Quarter	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Petrochemicals & Plastics	414.0	506.3	92.2	22.3%	42.0	37.8	12.4
Energy & Functional Materials	146.0	187.0	41.0	28.1%	8.0	30.7	2.3
IT-related Chemicals	269.8	286.6	16.8	6.2%	-14.5	12.9	18.4
Health & Crop Sciences	191.9	213.8	21.9	11.4%	-7.0	19.5	9.3
Pharmaceuticals	329.7	389.4	59.7	18.1%	0.0	50.3	9.4
Others & Adjustments	38.3	38.3	-0.0	-0.1%	0.0	-0.0	0.0
Total	1,389.8	1,621.3	231.5	16.7%	28.5	151.2	51.8

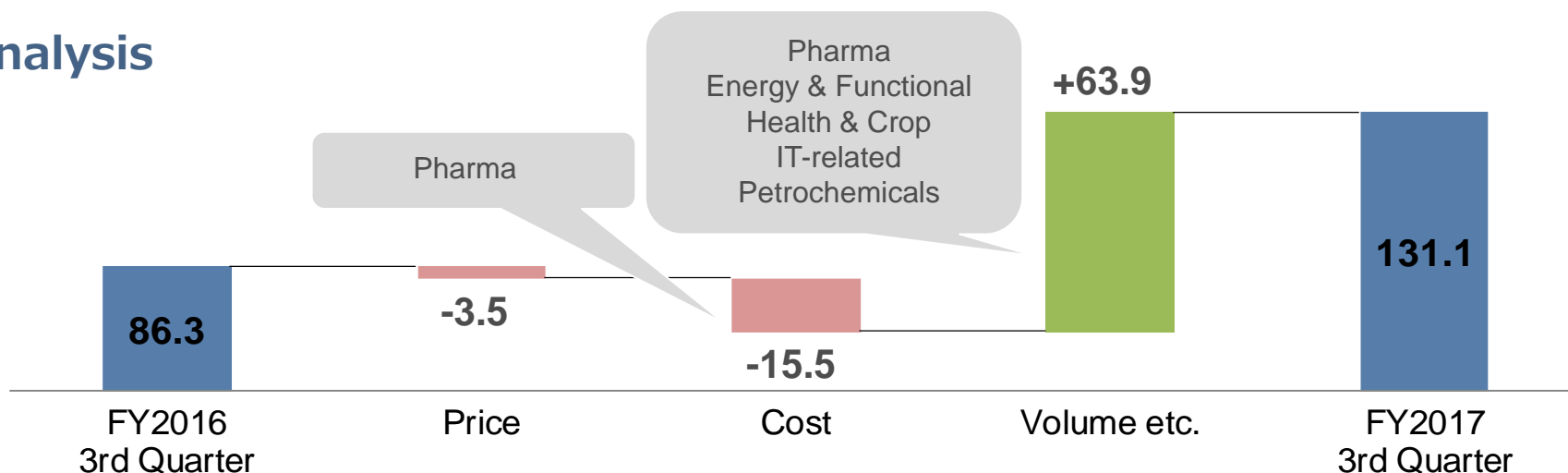
Analysis



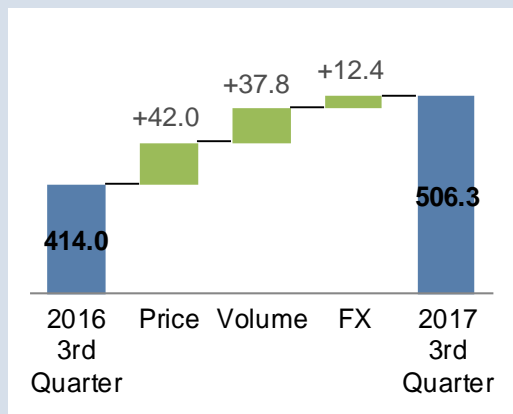
Unit; billions of yen

	FY2016 3rd Quarter	FY2017 3rd Quarter	Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
Petrochemicals & Plastics	17.5	38.1	20.6	15.0	0.5	5.1	20.6
Energy & Functional Materials	5.1	15.2	10.0	0.0	1.0	9.0	10.0
IT-related Chemicals	8.9	13.3	4.4	-9.0	5.5	7.9	4.4
Health & Crop Sciences	16.6	15.7	-0.9	-9.5	0.0	8.6	-0.9
Pharmaceuticals	46.1	58.0	11.9	0.0	-22.5	34.4	11.9
Others & Adjustments	-7.9	-9.1	-1.2	0.0	0.0	-1.2	-1.2
Total	86.3	131.1	44.9	-3.5	-15.5	63.9	44.9

Analysis



Sales



Total ¥506.3 billion (+92.2 from FY2016 3rd Quarter)

Sales price

+42.0

- Improve in market price of MMA and synthetic resins

Volume

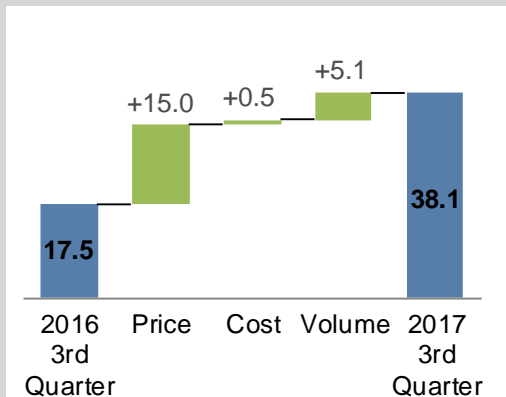
+37.8

- Consolidation of Sumika Polycarbonate as subsidiary
- Increase in shipment of Rabigh products

Foreign exchange

+12.4

Operating income



Total ¥38.1 billion (+20.6 from FY2016 3rd Quarter)

Price variance

+15.0

- Better profit margin on MMA and synthetic resins

Cost variance

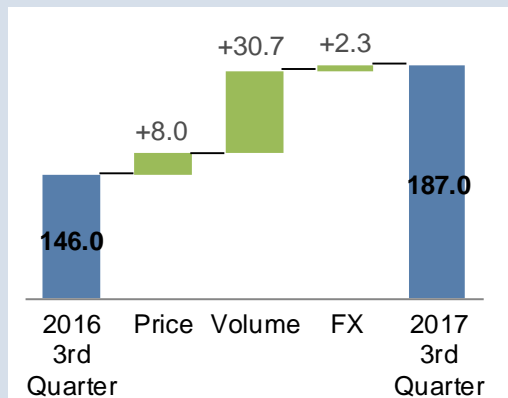
+0.5

Volume variance etc.

+5.1

- Increase in license revenue etc.

Sales



Total ¥187.0 billion (+41.0 from FY2016 3rd Quarter)

Sales price

+8.0

- Higher market price for aluminum

Volume

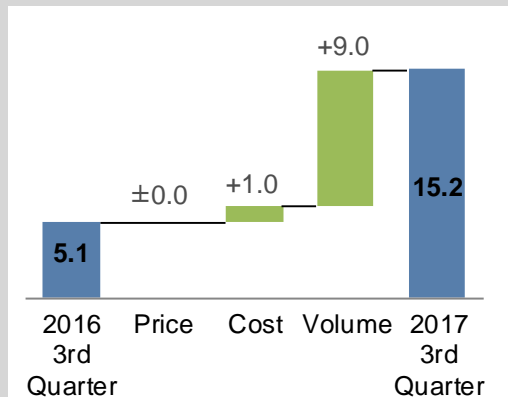
+30.7

- Expansion of production capacity for lithium-ion secondary battery separator
- Increase in shipment of resorcinol and engineering plastics
- New consolidation of Tanaka Chemical Corp

Foreign exchange

+2.3

Operating income



Total ¥15.2 billion (+10.0 from FY2016 3rd Quarter)

Price variance

0

Cost variance

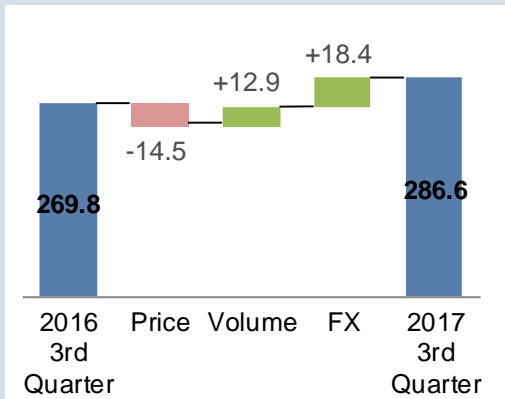
+1.0

Volume variance etc.

+9.0

- Expansion of production capacity for lithium-ion secondary battery separator
- Increase in shipment of resorcinol and engineering plastics

Sales



Total ¥286.6 billion (+16.8 from FY2016 3rd Quarter)

Sales price

-14.5

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

Volume

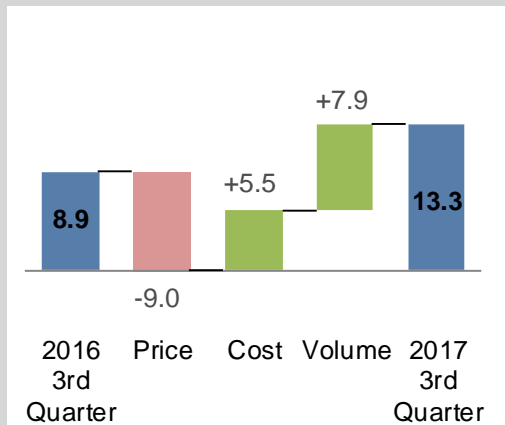
+12.9

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

Foreign exchange

+18.4

Operating income



Total ¥13.3 billion (+4.4 from FY2016 3rd Quarter)

Price variance

-9.0

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

Cost variance

+5.5

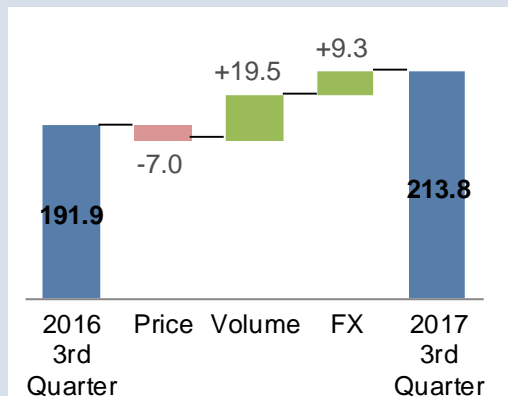
- Rationalization of the use of raw materials

Volume variance etc.

+7.9

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

Sales



Total ¥213.8 billion (+21.9 from FY2016 3rd Quarter)

Sales price

-7.0

- Lower market price for feed additive methionine

Volume

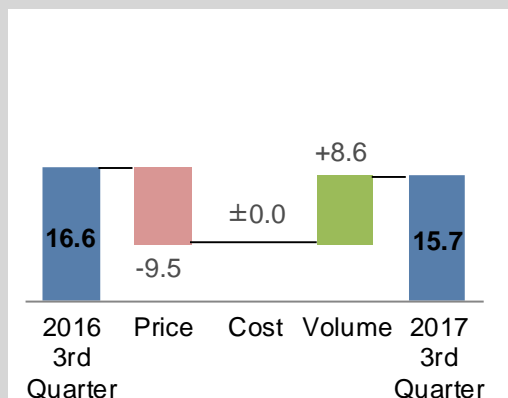
+19.5

- New consolidation of Excel Crop Care Ltd.

Foreign exchange

+9.3

Operating income



Total ¥15.7 billion (-0.9 from FY2016 3rd Quarter)

Price variance

-9.5

- Lower market price for feed additive methionine

Cost variance

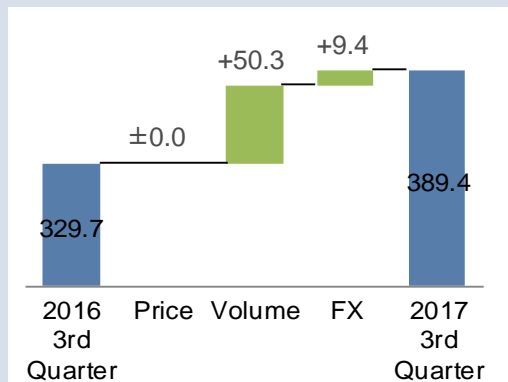
0

Volume variance etc.

+8.6

- New consolidation of Excel Crop Care Ltd.
- Positive impact of weaker yen

Sales



Total ¥389.4 billion (+59.7 from FY2016 3rd Quarter)

Sales price

0

Volume

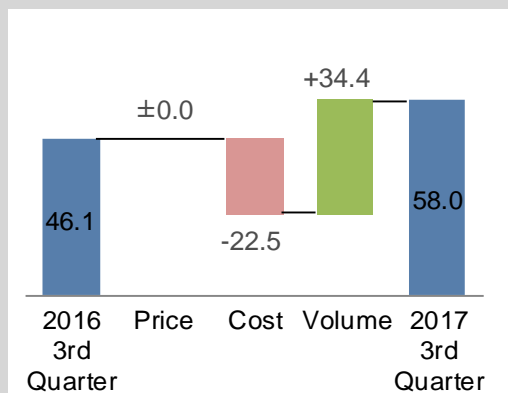
+50.3

Foreign exchange

+9.4

- Increase in shipment of Latuda® in North America
- Divestiture of ciclesonide products
- Increase in shipment of Trulicity® in Japan

Operating income



Total ¥58.0 billion (+11.9 from FY2016 3rd Quarter)

Price variance

0

Cost variance

-22.5

Volume variance etc.

+34.4

- Increase in sales expense of COPD products
- In-licensing of type 2 diabetes
- Increase in shipment of Latuda® in North America
- Divestiture of ciclesonide products

Unit; billions of yen

	31-Mar-17	31-Dec-17	Difference
Current assets	1,231.1	1,384.7	153.5
Cash and cash equivalents	193.3	245.0	51.7
Trade notes and accounts receivable	455.2	467.6	12.4
Inventories	409.4	466.2	56.8
Others	173.2	205.8	32.6
Non-current assets	1,630.9	1,738.7	107.8
Property, plant and equipment	626.2	659.6	33.4
Intangible assets	357.6	368.2	10.6
Investment and other assets	647.1	710.8	63.7
Total	2,862.1	3,123.3	261.3

	31-Mar-17	31-Dec-17	Difference
Liabilities	1,699.5	1,818.6	119.0
Trade notes and accounts payable	243.5	280.3	36.8
Interest-bearing Liabilities	875.3	948.8	73.5
Others	580.7	589.5	8.8
Net assets	1,162.5	1,304.8	142.2
Shareholders' equity	707.0	788.2	81.2
Accumulated other comprehensive income	113.3	141.9	28.6
Non-controlling interests	342.2	374.7	32.5
Total	2,862.1	3,123.3	261.3
Shareholders' equity ratio	28.7%	29.8%	1.1%
D/E ratio	0.8	0.7	0.0

Unit; billions of yen

	FY2016 3rd Quarter	FY2017 3rd Quarter	Difference
Cash flows from operating activities	85.3	140.9	55.6
Cash flows from investing activities	-168.4	-113.9	54.5
Free cash flows	-83.0	27.0	110.1
Cash flows from financing activities	80.3	20.2	-60.1
Effect of exchange rate changes on cash and cash equivalents	-1.3	3.6	4.9
Net change in cash and cash equivalents	-4.0	50.8	54.8
Cash and cash equivalents (at December 31)	211.6	245.0	33.4

(Reference)

Unit; billions of yen

	FY2016				FY2017			FY2017 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half
Petrochemicals & Plastics	137.0	128.7	148.4	158.0	156.5	170.8	178.9	327.4	322.6
Energy & Functional Materials	47.0	47.5	51.5	59.9	59.3	60.5	67.2	119.8	135.2
IT-related Chemicals	86.0	88.7	95.1	88.6	90.8	97.8	98.0	188.6	196.4
Health & Crop Sciences	64.0	61.8	66.1	127.4	65.2	70.3	78.3	135.5	219.5
Pharmaceuticals	111.7	102.6	115.5	114.5	124.8	132.4	132.2	257.2	252.8
Others & Adjustments	10.9	14.7	12.7	16.1	12.0	13.7	12.6	25.7	29.3
Total	456.6	444.0	489.3	564.5	508.5	545.6	567.2	1,054.1	1,155.9

Unit; billions of yen

	FY2016				FY2017			FY2017 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half
Petrochemicals & Plastics	1.8	4.9	10.9	9.1	10.3	14.7	13.1	25.0	12.0
Energy & Functional Materials	0.7	1.5	3.0	2.1	4.6	5.3	5.3	9.9	5.1
IT-related Chemicals	1.4	1.1	6.5	1.4	3.0	5.6	4.7	8.7	12.3
Health & Crop Sciences	9.1	3.8	3.7	29.6	3.0	2.6	10.1	5.6	44.4
Pharmaceuticals	15.3	12.6	18.2	9.0	20.3	28.0	9.7	48.3	25.7
Others & Adjustments	-3.0	-1.8	-3.2	-3.1	-3.7	-1.9	-3.6	-5.5	-6.5
Total	25.3	21.9	39.0	48.1	37.6	54.4	39.1	92.0	93.0

Company	Net Sales		Profit Trends
	FY2016 3rd Quarter	FY2017 3rd Quarter	
The Polyolefin Company (Singapore) (millions of USD)	788	881	→ Maintaining due to better margins
Petrochemical Corporation of Singapore (millions of USD)	1,639	1,958	→ Maintaining due to better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	17,659	24,687	↗ Due to stable operations and an improvement in oil refining margins
Dongwoo Fine-Chem (billions of KRW)	1,619	1,683	↘ Decreased due to lower selling prices and other factors
Valent U.S.A. and Subsidiaries (millions of USD)	517	566	↘ Decreased due to difference of product mix