

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Nine Months Ended December 31, 2016**

The Sumitomo Chemical Group's sales for the nine months ended December 31, 2016, totaled ¥1,389.8 billion, a decrease of ¥188.0 billion compared with the same period of the previous fiscal year. The Group posted operating income of ¥86.3 billion, ordinary income of ¥115.0 billion and net income attributable to owners of the parent of ¥55.3 billion, all showing year-on-year decreases.

The Sumitomo Chemical Group's financial results by business segment for the nine-month period were as follows.

Petrochemicals & Plastics

Market prices of petrochemical products and synthetic resins declined because of lower feedstock prices. Shipments of petrochemical products decreased due to the restructuring of the petrochemical business at the Chiba Works. The stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥104.4 billion compared with the same period of the previous fiscal year, to ¥414.0 billion. Operating income declined by ¥8.3 billion, to ¥17.5 billion.

Energy & Functional Materials

Selling prices of aluminum declined due chiefly to the stronger yen. Shipments of resorcinol, a raw material for adhesives, and engineering plastics increased due to a rise in demand. As a result, the segment's sales decreased by ¥11.1 billion compared with the same period of the previous fiscal year, to ¥146.0 billion. Operating income increased by ¥1.6 billion, to ¥5.1 billion.

IT-related Chemicals

Selling prices of polarizing film dropped. Selling prices of touchscreen panels also declined, but shipments increased due to growth in demand. The stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥34.9 billion compared with the same period of the previous fiscal year, to ¥269.8 billion. Operating income declined by ¥12.0 billion, to ¥8.9 billion.

Health & Crop Sciences

Sales of the feed additive methionine dropped due to lower market prices. Shipments overseas of crop protection chemicals declined. The stronger yen also had a negative effect on sales. As a result, the segment's sales decreased by ¥36.4 billion compared with the same period of the previous fiscal year, to ¥191.9 billion. Operating income declined by ¥24.3 billion, to ¥16.6 billion.

Pharmaceuticals

In Japan, although sales of Aimix® (anti-hypertension drug), Trerief® (therapeutic agent for Parkinson's disease) and other drugs increased, overall sales declined due largely to the impacts of Japanese National Health Insurance drug price revisions and a decrease in shipments of patent-expired originator drugs. In North America, sales of Latuda® (atypical antipsychotic) and other drugs increased steadily. The stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. The segment's sales increased by ¥1.2 billion compared with the same period of the previous fiscal year, to ¥329.7 billion. Operating income rose by ¥11.1 billion, to ¥46.1 billion, due to the expansion of sales in North America.

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 decreased by ¥2.4 billion compared with the same period of the previous fiscal year, to ¥38.3 billion. Operating income declined by ¥2.4 billion, to ¥3.7 billion.

Equity in earnings of affiliates decreased by ¥3.7 billion compared with the same period of the previous fiscal year, to ¥25.8 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 caused by a decline in selling prices of petrochemical products as well as a decrease in shipments following a temporary shutdown of an ethane cracker.

(Note) Change in Business Segment Classification

As of April 1, 2016, battery materials and engineering plastics, which had been included in the IT-related Chemicals Segment, were transferred to the Energy & Functional Materials Segment.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2016		9 Months ended December 31, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Net sales	1,389,802	11,930,655	1,577,760
Operating income	86,279	740,656	119,537
Ordinary income	115,001	987,218	143,664
Income before income taxes and non-controlling interests	106,953	918,130	147,490
Net income	82,117	704,927	110,892
Net income attributable to non-controlling interests	26,807	230,123	26,327
Net income attributable to owners of the parent	55,310	474,805	84,565
	Yen	USD*1	Yen
Net income per 1,000 shares	33,845	291	51,744
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Comprehensive income	76,727	658,657	90,290

(2) Financial Position:

	As of December 31, 2016		As of March 31, 2016
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Total assets	2,837,763	24,360,572	2,662,150
Total net assets	1,143,149	9,813,280	1,090,776

(3) Cash Flows:

	9 Months ended December 31, 2016		9 Months ended December 31, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Cash flows from operating activities	85,339	732,586	169,195
Cash flows from investing activities	(168,385)	(1,445,489)	(34,344)
Cash flows from financing activities	80,320	689,501	(47,386)
Cash and cash equivalents at end of period	211,612	1,816,568	284,024

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2016		9 Months ended December 31, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)*2
Net sales			
Petrochemicals & Plastics	414,048	3,554,365	518,408
Energy & Functional Materials	145,989	1,253,232	157,117
IT-related Chemicals	269,809	2,316,156	304,709
Health & Crop Sciences	191,916	1,647,489	228,351
Pharmaceuticals	329,728	2,830,526	328,499
Others	38,312	328,887	40,676
	1,389,802	11,930,655	1,577,760
Operating income			
Petrochemicals & Plastics	17,502	150,245	25,777
Energy & Functional Materials	5,148	44,193	3,522
IT-related Chemicals	8,919	76,565	20,878
Health & Crop Sciences	16,564	142,192	40,874
Pharmaceuticals	46,089	395,648	35,023
Others	3,719	31,925	6,115
Adjustments	(11,662)	(100,112)	(12,652)
	86,279	740,656	119,537

(Note)

*1: U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥116.49 = \$1 prevailing on December 31, 2016.

*2: New business segmentation is applied to consolidated results of previous year.