

**Sumitomo Chemical Reports  
Consolidated Financial Results  
For the Three Months Ended June 30, 2019**

The Sumitomo Chemical Group's consolidated sales revenue for the first quarter ended June 30, 2019, increased by ¥4.3 billion compared with the same period of the previous fiscal year, to ¥553.2 billion. The Group posted core operating income of ¥44.3 billion, a decline from the same period of the previous fiscal year, but it posted operating income of ¥62.4 billion, an increase from the previous fiscal year. Net income attributable to owners of the parent was ¥14.5 billion, falling short of the same period of the previous fiscal year.

“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 first quarter ended June 30, 2019, were as follows.

**Petrochemicals & Plastics**

Market prices for petrochemical products and synthetic resins declined because feedstock prices fell below those of the same period of the previous fiscal year. Market conditions for raw materials for synthetic fibers and methyl methacrylate (MMA) also remained at a low level. As a result, the segment's sales revenue declined by ¥8.1 billion compared with the same period of the previous fiscal year, to ¥177.5 billion. Core operating income declined by ¥4.9 billion, to ¥13.0 billion, because of a decline in the margins of products such as petrochemical products and MMA.

**Energy & Functional Materials**

Shipments of resorcinol, a raw material for adhesives, and separators for lithium-ion batteries remained strong. Meanwhile, market prices for aluminum and for the precious metal raw materials for cathode materials remained low, resulting in lower

selling prices. As a result, the segment's sales revenue declined by ¥3.6 billion, to ¥64.9 billion compared with the same period of the previous fiscal year, and core operating income declined by ¥0.3 billion, to ¥5.6 billion.

#### IT-related Chemicals

Although selling prices of polarizing film declined, shipments increased because of growth in demand for TV and mobile applications. Shipments of touchscreen panels also increased due to growth in demand. As a result, the segment's sales revenue increased by ¥13.3 billion compared with the same period of the previous fiscal year, to ¥102.5 billion, and core operating income rose by ¥3.5 billion, to ¥7.8 billion.

#### Health & Crop Sciences

While market prices for the feed additive methionine declined, shipments increased because the production capacity expanded in the previous fiscal year. As a result, the segment's sales revenue increased by ¥2.5 billion compared with the same period of the previous fiscal year, to ¥71.9 billion. Core operating income declined by ¥7.2 billion, to a loss of ¥4.6 billion, due to factors including a decline in margins on methionine.

#### Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic agent), Aptiom® (antiepileptic drug), and other treatments increased. On the other hand, shipments of patent-expired originator drugs decreased in Japan. As a result, the segment's sales revenue increased by ¥1.5 billion compared with the same period of the previous fiscal year, to ¥125.8 billion, and core operating income increased by ¥3.3 billion, to ¥23.0 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 ¥1.3 billion compared with the same period of the previous fiscal year, to ¥10.7 billion, and core operating income increased by ¥0.2 billion, to ¥1.8 billion.

## Summary of Consolidated Results

### (1) Results of Operations:

|  | 3 Months ended<br>June 30, 2019 |                  | 3 Months ended<br>June 30, 2018 |
|--|---------------------------------|------------------|---------------------------------|
|  | Yen (Millions)                  | USD (Thousands)* | Yen (Millions)                  |
| Sales revenue  | 553,219                         | 5,132,378        | 548,943                         |
| Core operating income  | 44,314                          | 411,114          | 48,202                          |
| (Share of profit of investments<br>accounted for using the equity method ) | ( 8,249 )                       | ( 76,528 )       | ( 13,394 )                      |
| Operating income   | 62,376                          | 578,681          | 44,096                          |
| Income before taxes  | 56,880                          | 527,693          | 51,703                          |
| Net income   | 20,390                          | 189,164          | 41,133                          |
| Net income attributable to<br>non-controlling interests                    | 5,852                           | 54,291           | 11,122                          |
| Net income attributable to<br>owners of the parent                         | 14,538                          | 134,873          | 30,011                          |
|  | Yen                             | USD*             | Yen                             |
| Net income per 1,000 shares  | 8,892                           | 82               | 18,355                          |
|  | Yen (Millions)                  | USD (Thousands)* | Yen (Millions)                  |
| Comprehensive income   | (15,205)                        | (141,061)        | 45,024                          |

### (2) Financial Position:

|              | As of June 30, 2019 |                  | As of March 31, 2019 |
|--------------|---------------------|------------------|----------------------|
|              | Yen (Millions)      | USD (Thousands)* | Yen (Millions)       |
| Total assets | 3,235,918           | 30,020,577       | 3,171,618            |
| Total equity | 1,309,443           | 12,148,094       | 1,351,886            |

### (3) Cash Flows:

|  | 3 Months ended<br>June 30, 2019 |                  | 3 Months ended<br>June 30, 2018 |
|--|---------------------------------|------------------|---------------------------------|
|  | Yen (Millions)                  | USD (Thousands)* | Yen (Millions)                  |
| Cash flows from operating activities       | 359                             | 3,331            | (17,153)                        |
| Cash flows from investing activities       | (35,912)                        | (333,166)        | (41,726)                        |
| Cash flows from financing activities       | 85,424                          | 792,504          | 58,551                          |
| Cash and cash equivalents at end of period | 244,829                         | 2,271,352        | 235,000                         |

### (4) Results of Operations by Business Segment:

|                               | 3 Months ended<br>June 30, 2019 |                  | 3 Months ended<br>June 30, 2018 |
|-------------------------------|---------------------------------|------------------|---------------------------------|
|                               | Yen (Millions)                  | USD (Thousands)* | Yen (Millions)                  |
| Sales revenue                 |                                 |                  |                                 |
| Petrochemicals & Plastics     | 177,485                         | 1,646,581        | 185,625                         |
| Energy & Functional Materials | 64,903                          | 602,125          | 68,548                          |
| IT-related Chemicals          | 102,463                         | 950,580          | 89,157                          |
| Health & Crop Sciences        | 71,906                          | 667,093          | 69,368                          |
| Pharmaceuticals               | 125,787                         | 1,166,964        | 124,306                         |
| Others                        | 10,675                          | 99,035           | 11,939                          |
|                               | 553,219                         | 5,132,378        | 548,943                         |
| Core operating income         |                                 |                  |                                 |
| Petrochemicals & Plastics     | 12,957                          | 120,206          | 17,827                          |
| Energy & Functional Materials | 5,584                           | 51,804           | 5,912                           |
| IT-related Chemicals          | 7,836                           | 72,697           | 4,291                           |
| Health & Crop Sciences        | (4,560)                         | (42,304)         | 2,631                           |
| Pharmaceuticals               | 22,999                          | 213,369          | 19,683                          |
| Others                        | 1,826                           | 16,940           | 1,640                           |
| Adjustments                   | (2,328)                         | (21,598)         | (3,782)                         |
|                               | 44,314                          | 411,114          | 48,202                          |

(Note)

\*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of  
¥107.79 = \$1 prevailing on June 30, 2019.