

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Half-Year Ended September 30, 2019**

The Sumitomo Chemical Group's consolidated sales revenue for the half-year ended September 30, 2019, declined by ¥14.6 billion compared with the same period of the previous fiscal year, to ¥1,107.6 billion. The Group posted core operating income of ¥84.5 billion, lower than the same period of the previous year, and operating income of ¥102.5 billion, an increase from the previous fiscal year. Net income attributable to owners of the parent was ¥29.7 billion, falling short of the same period of the previous fiscal year.

Sumitomo Chemical decided to pay an interim dividend of ¥11 per share.

“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 half-year 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 ¥28.2 billion compared with the same period of the previous fiscal year, to ¥352.2 billion. Core operating income declined by ¥18.0 billion, to ¥17.4 billion, because of such factors as 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 metal raw materials for cathode materials remained low, resulting in lower selling prices. As a result, the segment's sales revenue declined by ¥9.8 billion compared with the same period of the previous fiscal year, to ¥131.0 billion, and core operating income declined by ¥0.3 billion, to ¥12.5 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 ¥11.4 billion compared with the same period of the previous fiscal year, to ¥206.9 billion, and core operating income increased by ¥0.5 billion, to ¥15.3 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. On the other hand, shipments of crop protection chemicals decreased due to the impact of extreme weather in North America. As a result, the segment's sales revenue increased by ¥8.2 billion compared with the same period of the previous fiscal year, to ¥146.3 billion. Core operating income deteriorated by ¥10.7 billion, to a loss of ¥8.2 billion, due to factors including a decline in margins on methionine and reduced shipments of crop protection chemicals.

Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic agent) increased, and also increased in China. On the other hand, shipments of patent-expired originator drugs decreased in Japan. As a result, the segment's sales revenue increased by ¥4.7 billion compared with the same period of the previous fiscal year, to ¥247.4 billion. Because of the increase in sales revenue and lower selling, general and administrative expenses, core operating income increased by ¥7.6 billion, to ¥46.9 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 ¥0.9 billion compared with the same period of the previous fiscal year, to ¥23.7 billion, and core operating income increased by ¥2.0 billion, to ¥5.2 billion.

Summary of Consolidated Results

(1) Results of Operations:

	6 Months ended September 30, 2019		6 Months ended September 30, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	1,107,558	10,262,769	1,122,118
Core operating income	84,527	783,238	102,106
(Share of profit of investments accounted for using the equity method)	(12,211)	(113,149)	(23,888)
Operating income	102,545	950,195	91,932
Income before taxes	96,641	895,487	102,304
Net income	50,081	464,057	81,502
Net income attributable to non-controlling interests	20,372	188,769	20,016
Net income attributable to owners of the parent	29,709	275,287	61,486
Net income per 1,000 shares	Yen 18,171	USD* 168	Yen 37,605
Comprehensive income	Yen (Millions) (3,855)	USD (Thousands)* (35,721)	Yen (Millions) 114,252

(2) Financial Position:

	As of September 30, 2019		As of March 31, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,206,058	29,707,728	3,171,618
Total equity	1,321,969	12,249,527	1,351,886

(3) Cash Flows:

	6 Months ended September 30, 2019		6 Months ended September 30, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	69,930	647,980	55,604
Cash flows from investing activities	(72,791)	(674,490)	(83,070)
Cash flows from financing activities	80,297	744,042	22,048
Cash and cash equivalents at end of period	271,320	2,514,085	233,764

(4) Results of Operations by Business Segment:

	6 Months ended September 30, 2019		6 Months ended September 30, 2018
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	352,192	3,263,454	380,418
Energy & Functional Materials	131,032	1,214,159	140,856
IT-related Chemicals	206,860	1,916,790	195,414
Health & Crop Sciences	146,311	1,355,736	138,139
Pharmaceuticals	247,446	2,292,865	242,700
Others	23,717	219,765	24,591
	1,107,558	10,262,769	1,122,118
Core operating income			
Petrochemicals & Plastics	17,402	161,249	35,383
Energy & Functional Materials	12,548	116,271	12,849
IT-related Chemicals	15,296	141,735	14,827
Health & Crop Sciences	(8,185)	(75,843)	2,470
Pharmaceuticals	46,874	434,340	39,275
Others	5,209	48,267	3,190
Adjustments	(4,617)	(42,781)	(5,888)
	84,527	783,238	102,106

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥107.92 = \$1 prevailing on September 30, 2019.