

# Consolidated Financial Results for Fiscal 2012

May 9, 2013

Sumitomo Seika Chemicals Company, Limited

During the twelve months ended March 31, 2013 (fiscal 2012), business conditions in Japan remained unsteady by and large, due to concerns about the prolonged financial crisis in Europe and the decelerating growth of emerging economies. In the second half of the fiscal year, certain views developed that Japan's economy had bottomed out, encouraged by expectations for the government's emergency economic measures and the enhanced monetary easing undertaken by the Bank of Japan. However, their immediate effect turned out to be marginal as far as this particular period is concerned.

Against this backdrop, the Sumitomo Seika Group's financial results for fiscal 2012 were as follows: Net sales posted 70.591 billion yen, a 3.5% increase over the previous fiscal year; operating income was 4.182 billion yen, a 2.1% decrease from the previous fiscal year; ordinary income was 4.692 billion yen, a 15.5% increase over the previous fiscal year; and net income was 3.121 billion yen, a 49.3% increase over the previous fiscal year.

## **Chemicals**

While sales of functional products and fine particulate polymers increased, industrial chemicals posted reduced sales as a result of withdrawal from part of the business. Accordingly, net sales for this segment decreased by 4.0% from the previous fiscal year to 17.020 billion yen. Due to increases in sales volume of high value added products as well as cost reduction, operating income recovered to a loss of 0.299 billion yen, an increase of 1.430 billion yen over the previous fiscal year.

## **Super Absorbent Polymers**

Expanded production with a new SAP plant at Himeji Works, which became operational in January 2013, contributed to increasing net sales by 9.0% to 41.054 billion yen. Operating income, however, decreased by 22.2% from the previous fiscal year to 3.645 billion yen, due to the supply-demand balance softened with further intensified competition in overseas markets. The accident that had occurred at the Himeji plant of NIPPON SHOKUBAI CO., LTD. in September 2012 caused difficulties in securing raw materials for SAP, making it necessary for this segment to adjust superabsorbent polymers production temporarily and also brought about hikes in prices of raw materials procured from sources in Japan and abroad to make up for the shortfall of their supply.

## **Gases and Engineering**

Sales for the electronic gases took a downturn due to sharply curtailed production in the semiconductor and liquid crystal industries as well as further intensified price competition, which caused net sales and operating income to decrease by 2.2% to 12.516 billion yen and by 33.7% to 0.859 billion yen, respectively, from the previous fiscal year.

## **Forecast for fiscal 2013**

It can be expected that Japan's economy will be boosted domestically by the government's new economic stimulus measures and Bank of Japan's monetary easing initiatives. On the other hand, the global business environment will likely remain uncertain, given the perceived economic downswing risks attributable to the yet-unresolved financial instability in Europe and decelerated growth of emerging economies.

Under these circumstances, the Sumitomo Seika Group forecasts its financial performance for fiscal 2013 as follows:

	(in million yen)
Sales	91,500
Operating Income	4,800
Ordinary Income	4,500
Net Income	3,000

\*based on the assumption that exchange rate is 90 yen per dollar  
and domestic naphtha price is 63,000 yen per kilo liter

## **Cautionary Statement**

Statements made herein with respect to the company's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Seika Chemicals. 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 Seika Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Seika Chemicals' products in the marketplace; Sumitomo Seika Chemicals' ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

# Outline of Consolidated Financial Statement for fiscal 2012

May 9, 2013

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

		Fiscal year ended March 31		Y-o-y change	FY 2013 ending March 31, 2014
		2012	2013		
Net Sales	Million ¥	68,194	70,591	+2,397	91,500
Operating Income	Million ¥	4,271	4,182	-89	4,800
Ordinary Income	Million ¥	4,062	4,692	+629	4,500
Net Income	Million ¥	2,090	3,121	+1,030	3,000
Net Income Per Share for the Term	¥	30.32	45.26	+14.94	43.50
Shareholder Return on Equity for the Term	%	6.4	8.8	+2.4	8.0
Average Exchange Rate	(¥/USD)	79.08	83.11	-	90.00
Naphtha Price	(¥/KL)	54,925	57,500	-	63,000

## 2. Net Sales and Operating Income of Each Business Segment

		Fiscal year ended March 31		Y-o-y change	FY 2013 ending March 31, 2014
		2012	2013		
<b>Chemicals</b>					
Net Sales	Million ¥	17,729	17,020	-709	18,500
Operating Income	Million ¥	-1,730	-299	+1,430	-500
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	37,665	41,054	+3,388	60,000
Operating Income	Million ¥	4,688	3,645	-1,043	4,600
<b>Gases and Engineering</b>					
Net Sales	Million ¥	12,798	12,516	-282	13,000
Operating Income	Million ¥	1,295	859	-436	700
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	17	-21	-39	-
<b>Total</b>					
Net Sales	Million ¥	68,194	70,591	+2,397	91,500
Operating Income	Million ¥	4,271	4,182	-89	4,800