

Consolidated Financial Results
for the Three Months Ended June 30, 2017 (Q1 FY2017)

August 2, 2017

Sumitomo Seika Chemicals Company, Ltd.

During the first three months of the fiscal year ending March 2018 (April 1 - June 30, 2017), the Japanese economy continued to be on a moderate yet steady recovery track, as consumer spending showed signs of picking up while employment and household income kept improving. Overseas, the North American and European economies maintained a moderate recovery, although the situation varied depending on the country and the region. Nevertheless, the overall economic outlook remained opaque, given such factors as uncertainty about U.S. government policies and the future courses of the Chinese economy and other emerging markets in Asia.

Under these circumstances, the Sumitomo Seika Group's financial results for the three months ended June 30, 2017 were as follows:

Net sales posted 24.949 billion yen, a 1.2% decrease compared with the same period in the previous fiscal year;

Operating income was 2.477 billion yen, a 17.7% decline from the same period in the previous fiscal year;

Ordinary income amounted to 2.405 billion yen, a 43.1% increase over the same period in the previous fiscal year; and

Net income attributable to owners of the parent came to 1.675 billion yen, a 55.6% increase over the same period in the previous fiscal year.

(Note) Change in the fiscal year closing date of consolidated subsidiaries

In order to ensure more appropriate management and information disclosure of Sumitomo Seika Group's financial performance, some of our overseas consolidated subsidiaries have successively changed, starting fiscal year 2013, their fiscal year closing date from December 31 to March 31, the closing date of our consolidated financial statements. As a result, financial results for the six months from January 1 through June 30 were consolidated for one of our subsidiaries in the first quarter of the previous fiscal year.

If an impact attributable to the difference of a consolidation term for this overseas consolidated subsidiary was removed from our financial results, net sales would increase by 2.192 billion yen (+9.6%), operating income would decrease by 0.424 billion yen (-14.6%) and ordinary income would be higher by 0.834 billion yen (+53.1%), all compared with the same period of the previous fiscal year.

Chemicals

Net sales decreased by 1.9% from the same period of the previous fiscal year to 4.39 billion yen, and operating income declined by 19.6% to 0.396 billion yen, which was attributable primarily to a decline in the sales volume of pharmaceutical intermediates, despite an increase in the sales volume of fine particulate polymers and other chemicals. The financial impact on this segment of the change in the fiscal closing date with respect to the overseas consolidated subsidiary was minor.

Super Absorbent Polymers

Net sales decreased by 3.5% from the same period in the previous fiscal year to 16.699 billion yen, and operating income declined by 28.6% to 1.797 billion yen. If a comparison is made of financial results for the same period between the current fiscal year and the previous fiscal year after excluding the impact of the change in the fiscal closing date for the overseas consolidated subsidiary, net sales will increase by 1.788 billion yen (+12.0%) and operating income will decrease by 0.609 billion yen (-25.3%). The volume of sales continued to expand in emerging markets, such as those in Southeast Asia and China. However, a rise in raw materials and fuel costs caused the operating income of the segment to decrease.

Gases and Engineering

Net sales increased by 11.0% from the same period of the previous fiscal year to 3.86 billion yen. Operating income also increased by 0.284 billion yen to 0.278 billion yen. This improvement in performance is attributable to the increased volume of sales of industrial chemicals, chemical gases, etc.

The financial impact on this segment of the change in the fiscal closing date with respect to the overseas consolidated subsidiary was minor.

Outline of Consolidated Financial Statement for the Three Months Ended June 30, 2017 (Q1 FY2017)

August 2, 2017

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		3 months ended June 30		Y-o-y change	FY 2017 ending March 31, 2018
		FY 2016	FY 2017		
Net Sales	Million ¥	25,250	24,949	(300)	101,000
Operating Income	Million ¥	3,009	2,477	(532)	9,500
Ordinary Income	Million ¥	1,681	2,405	+724	9,400
Net Income attributable to owners of the parent	Million ¥	1,077	1,675	+598	6,000
Net Income Per Share for the Term	¥	78.10	121.51	+43.41	435.09
Shareholder Return on Equity for the Term	%	2.0	2.8	+0.8	10.0
Average Exchange Rate	¥/USD	108.27	111.11	-	110.00
Naphtha Price	¥/KL	31,600	39,100	-	39,000

(*) For one of our overseas consolidated subsidiaries, its fiscal year closing date was changed in the previous year. If an impact attributable to the fiscal closing date change was removed from our financial results, net sales would increase by 2.192 billion yen (+9.6%), operating income would decrease by 0.424 billion yen (-14.6%) and ordinary income would be higher by 0.834 billion yen (+53.1%), all compared with the same period of the previous fiscal year.

2. Net Sales and Operating Income By Business Segment

		3 months ended June 30		Y-o-y change	FY 2017 ending March 31, 2018
		FY 2016	FY 2017		
Chemicals					
Net Sales	Million ¥	4,476	4,390	(85)	18,000
Operating Income	Million ¥	493	396	(96)	1,800
Super Absorbent Polymers					
Net Sales	Million ¥	17,297	16,699	(598)	67,000
Operating Income	Million ¥	2,517	1,797	(720)	6,400
Gases and Engineering					
Net Sales	Million ¥	3,476	3,860	383	16,000
Operating Income	Million ¥	(5)	278	284	1,300
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	3	3	0	-
Total					
Net Sales	Million ¥	25,250	24,949	(300)	101,000
Operating Income	Million ¥	3,009	2,477	(532)	9,500

