

Consolidated Financial Results
for the Nine Months Ended December 31, 2018 (Q3 FY2018)

February 5, 2018

Sumitomo Seika Chemicals Company, Ltd.

During the nine months ended December 31, 2018 (fiscal 2018), the Japanese economy saw signs of the recovery of consumer spending and an increase in capital investment as circumstances surrounding employment and household income kept improving. Overseas, although countries generally continued to show a moderate business recovery, the overall economic outlook remained opaque, given uncertainty associated with U.S. protectionist policies and economic prospects of China and other countries such as emerging economies in Asia.

Under these circumstances, the Sumitomo Seika Group's financial results for the nine months ended December 31, 2018 were as follows:

Net sales posted 83.520 billion yen, a 7.0% increase compared with the same period in the previous fiscal year;

Operating income was 7.350 billion yen, a 2.4% decrease compared with the same period in the previous fiscal year;

Ordinary income amounted to 6.819 billion yen, a 16.2% decrease from the same period in the previous fiscal year;

Net income attributable to owners of the parent came to 4.773 billion yen, a 13.0% decrease from the previous fiscal year.

Chemicals

Net sales increased by 2.4% over the same period of the previous fiscal year to 13.419 billion yen, and operating income increased by 20.9% to 1.614 billion yen. This was attributable primarily to an increase in the sales volume of water-soluble polymers and pharmaceutical intermediates.

Super Absorbent Polymers

Net sales increased by 9.3% over the same period of the previous fiscal year to 58.061 billion yen, but operating income decreased by 13.6% to 4.252 billion yen, which was mainly due to revised selling prices having been not high enough to offset soaring raw materials and fuel costs.

Gases and Engineering

Net sales increased by 1.5% from the same period of the previous fiscal year to 12.039 billion yen, and operating income increased by 16.5% to 1.472 billion yen, which resulted from the segment's improved performance driven by expanded sales from the engineering business, albeit the sales of industrial chemicals being lower in volume.

Outline of Consolidated Financial Statement for the Nine Months Ended December 31, 2018 (Q3 FY2018)

February 5, 2019

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		9 months ended December 31		Y-o-y change	FY 2018 ending March 31, 2019
		FY 2017	FY 2018		
Net Sales	Million ¥	78,085	83,520	+5,434	109,000
Operating Income	Million ¥	7,531	7,350	(180)	9,000
Ordinary Income	Million ¥	8,135	6,819	(1,316)	8,500
Net Income attributable to owners of the parent	Million ¥	5,489	4,773	(715)	5,600
Net Income Per Share for the Term	¥	398.04	346.14	(51.90)	406.03
Shareholder Return on Equity for the Term	%	8.9	7.2	(1.7)	8.4
Average Exchange Rate	¥/USD	111.71	111.15	-	110.00
Average Exchange Rate	¥/CNY	16.64	16.60	-	16.30
Naphtha Price	¥/KL	39,900	52,100	-	49,100

2. Net Sales and Operating Income By Business Segment

		9 months ended December 31		Y-o-y change	FY 2018 ending March 31, 2019
		FY 2017	FY 2018		
Chemicals					
Net Sales	Million ¥	13,108	13,419	+310	18,000
Operating Income	Million ¥	1,335	1,614	+279	1,900
Super Absorbent Polymers					
Net Sales	Million ¥	53,116	58,061	+4,944	75,000
Operating Income	Million ¥	4,919	4,252	(667)	5,200
Gases and Engineering					
Net Sales	Million ¥	11,860	12,039	+179	16,000
Operating Income	Million ¥	1,263	1,472	+208	1,900
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	11	10	(1)	-
Total					
Net Sales	Million ¥	78,085	83,520	+5,434	109,000
Operating Income	Million ¥	7,531	7,350	(180)	9,000

February 5 2019

Sumitomo Seika Chemicals Company, Limited

Notice of Revision to Full-Year Consolidated Financial Forecasts

Sumitomo Seika Chemicals Co., Ltd. (“the Company”) has revised its consolidated financial forecast for the full-year ending March 31, 2019, previously announced on November 6, 2018, as detailed below.

Revised Consolidated Forecast for the Full-Year Ending March 31, 2019

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income Per Share (Yen)
Previous Forecast (A) (Announced on November 6, 2018)	116,000	9,400	9,200	6,000	435.03
Revised Forecast (B)	109,000	9,000	8,500	5,600	406.03
Variance in Amount (B-A)	-7,000	-400	-700	-400	
Variance in Percentage (%)	-6.0	-4.3	-7.6	-6.7	
Results for Full-Year Ended March 31, 2018	105,883	9,734	9,935	6,698	485.70

Reasons for the Revisions

The financial results for the nine months ended December 31, 2018 were generally in accordance with our previous plan. We, however, have decided to revise our earlier financial forecasts for the full year as above because sales volume in China is likely to be lower than the previous projection for the Super Absorbent Polymers sector, among other things.

Cautionary Statement

The forecasts referred to in the above were made based on information currently available. They may, therefore, be different from the actual results to be determined later, depending on various circumstances and reasons.