

## Consolidated Financial Results

For the Nine Months Ended December 31, 2019 (Q3 FY2019)

February 5, 2020

Sumitomo Seika Chemicals Company, Ltd.

During the nine months ended December 31, 2019 (fiscal 2019), the Japanese economy recovered moderately as consumer spending showed signs of picking up, though it lingered rather weak mainly in exports. Overseas, concern about economic prospects continued to prevail, given, among others, a slowing trend of China's economy that had been driven by the U.S. protectionist policies in trade.

Under these circumstances, the Sumitomo Seika Group's financial results for the nine months ended December 31, 2019 were as follows:

Net sales posted 74.738 billion yen, a 10.5% decrease compared with the same period in the previous fiscal year;

Operating income was 5.996 billion yen, an 18.4% decrease compared with the same period in the previous fiscal year;

Ordinary income recorded 5.096 billion yen, a 25.3% decrease from the same period in the previous fiscal year owing mainly to foreign exchange losses of 1.011 billion yen recorded with respect to foreign-currency-denominated receivables and payables associated with the parent company and the Company's overseas subsidiaries;

Net income attributable to owners of the parent declined to 3.338 billion yen, a 30.1% drop from the previous fiscal year, due to the impact of the decrease in ordinary income and other factors.

In addition, beginning the second quarter of fiscal 2019, the segment name "Chemicals" has been changed to "Functional Chemicals" for the purpose of the financial statement. The change is only for the sake of renaming and has no effect on the financial information of the segment.

### Functional Chemicals

Net sales decreased by 0.1% from the same period of the previous fiscal year to 13.410 billion yen, and operating income also decreased by 7.2% to 1.499 billion yen. While net sales stayed at the same level as the previous fiscal year, an increase in R&D expenses, among others, caused operating income to decline.

### Super Absorbent Polymers

Net sales decreased by 14.1% from the same period of the previous fiscal year to 49.867 billion yen, and operating income also decreased by 34.6% to 2.779 billion yen. This was attributable primarily to a decrease in both selling prices and sales volume in China as well as an impact of the weakening of the yuan.

## Gases and Engineering

Net sales decreased by 4.8% from the same period of the previous fiscal year to 11.460 billion yen, while operating income increased by 16.0% to 1.780 billion yen. The decline in net sales was due to a decrease in sale volume of electronic gases and other products, while the increase in operating income reflected mainly improvement in the profitability of the engineering business.

## Consolidated financial forecast for the fiscal year ending march 31, 2020

As far as the Company's fiscal 2019 full-year consolidated financial forecasts announced on November 6, 2019 are concerned, the ordinary income forecast was exceeded during the nine months ended December 31, 2019. However, the financial forecasts of November 6, 2019 have not been revised this time because it is difficult at the moment to estimate a possible economic impact of the currently spreading new coronavirus epidemic on the Company's fourth quarter business performance.

# Outline of Consolidated Financial Statement

## For the Nine Months Ended December 31, 2019 (Q3 FY2019)

February 5, 2020

Sumitomo Seika Chemicals Company, Limited

### 1. Consolidated Results

		9 months ended December 31		Y-o-y change	FY 2019 ending March 31, 2020
		FY 2018	FY 2019		
Net Sales	Million ¥	83,520	<b>74,738</b>	(8,781)	100,000
Operating Income	Million ¥	7,350	<b>5,996</b>	(1,353)	6,000
Ordinary Income	Million ¥	6,819	<b>5,096</b>	(1,723)	5,000
Net Income attributable to owners of the parent	Million ¥	4,773	<b>3,338</b>	(1,435)	3,500
Net Income Per Share for the Term	¥	346.14	<b>242.06</b>	(104.08)	253.77
Shareholder Return on Equity for the Term	%	7.2	<b>5.2</b>	(2.0)	5.4
Average Exchange Rate	¥/USD	111.15	<b>108.68</b>	-	106.82
Average Exchange Rate	¥/CNY	16.60	<b>15.60</b>	-	15.34
Naphtha Price	¥/KL	52,100	<b>42,300</b>	-	41,400

### 2. Net Sales and Operating Income By Business Segment

		9 months ended December 31		Y-o-y change	FY 2019 ending March 31, 2020
		FY 2018	FY 2019		
<b>Functional Chemicals</b>					
Net Sales	Million ¥	13,419	<b>13,410</b>	(8)	19,000
Operating Income	Million ¥	1,614	<b>1,499</b>	(115)	1,900
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	58,061	<b>49,867</b>	(8,194)	65,000
Operating Income	Million ¥	4,252	<b>2,779</b>	(1,472)	2,300
<b>Gases and Engineering</b>					
Net Sales	Million ¥	12,039	<b>11,460</b>	(578)	16,000
Operating Income	Million ¥	1,472	<b>1,708</b>	+235	1,800
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	<b>-</b>	-	-
Operating Income	Million ¥	10	<b>9</b>	(1)	-
<b>Total</b>					
Net Sales	Million ¥	83,520	<b>74,738</b>	(8,781)	100,000
Operating Income	Million ¥	7,350	<b>5,996</b>	(1,353)	6,000