

Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Q3 FY2015)

February 4, 2016

Sumitomo Seika Chemicals Company, Limited

During the nine months ended December 31, 2015 (fiscal 2015), the global business environment surrounding Sumitomo Seika Group remained opaque about its future prospects, amid a continuing fall in crude oil prices. In Japan, the economy saw improvements in corporate business performance and a general situation of employment whereas a recovery in consumer spending was not as strong as desired. Globally, an economic slowdown in emerging countries and lingering geopolitical risks continued to be cause for concern. The U.S. appeared steady in promoting its economic recovery, but at the same time the country was faced with challenges in maneuvering its monetary policy.

Under these circumstances, the Sumitomo Seika Group's financial results for the nine months ended December 31, 2015 were as follows:

Net sales posted 66.286 billion yen, a 5.1% decrease compared with the same period of the previous fiscal year;

Operating income was 6.097 billion yen, a 6.0% increase compared to the same period of the previous fiscal year;

Ordinary income came to 5.728 billion yen, 15.6% lower than the same period of the previous fiscal year; and

Net income attributable to owners of the parent was 3.910 billion yen, down 20.7% from the same period of the previous fiscal year.

(Note) Change in the fiscal year closing date of consolidate 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 twelve months from January 1 through December 31 were consolidated for two of our subsidiaries in the first nine months period of the previous fiscal year and one subsidiary in the first nine months period of the current fiscal year. The impact of this consolidation on the Group's financial performance was minimal.

Beginning the three-month period ended June 30, 2015, the "industrial chemicals business" formerly included in the "Chemicals" segment was transferred to the "Gases and Engineering" segment owing to the organizational changes that had been made.

Chemicals

As a result of sales increase in fine particulate polymers and other factors, net sales amounted to 13.365 billion yen, a 6.4% increase, and operating income improved by 124.8% to 1.811 billion yen, both over the same period of the previous fiscal year.

Super Absorbent Polymers

Net sales were 41.498 billion yen, a 7.8% decrease from the same period of the previous fiscal year, and operating income amounted to 3.763 billion yen, a 13.7% drop from the same period of the previous fiscal year. Although the sales volume was more or less steady, this decline in performance was attributable mainly to the selling prices having lost ground as market pressures continued to restrain product selling prices in tune with a drop in crude oil price, in addition to the slackening supply-demand situation of super absorbent polymers.

Gases and Engineering

This segment's net sales decreased by 6.6 % to 11.421 billion yen from the same period of the previous fiscal year, and operating income was 0.505 billion yen, 20.6% lower than the same period of the previous fiscal year. The decline in net sales was due to a decrease in sales of industrial chemical products and gas generators, while the deterioration in operating income derived from a drop in the selling prices of electronic gases, although the sales volume stayed more or less steady.

Outline of Consolidated Financial Statement for the Nine Months Ended December 31, 2015 (Q3 FY2015)

February 4, 2016

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		9 months ended December 31		Y-o-y change	FY 2015 ending March 31, 2016
		FY 2014	FY 2015		
Net Sales	Million ¥	69,818	66,286	(3,531)	94,000
Operating Income	Million ¥	5,752	6,097	+345	8,000
Ordinary Income	Million ¥	6,785	5,728	(1,057)	7,800
Net Income attributable to owners of the parent	Million ¥	4,929	3,910	(1,018)	5,200
Net Income Per Share for the Term	¥	71.47	56.71	(14.76)	75.40
Shareholder Return on Equity for the Term	%	10.0	7.2	(2.8)	9.6
Average Exchange Rate	¥/USD	106.88	121.71	-	120.90
Naphtha Price	¥/KL	68,900	45,600	-	46,500

2. Net Sales and Operating Income By Business Segment

		9 months ended December 31		Y-o-y change	FY 2015 ending March 31, 2016
		FY 2014	FY 2015		
Chemicals					
Net Sales	Million ¥	12,566	13,365	+799	18,500
Operating Income	Million ¥	805	1,811	+1,005	2,300
Super Absorbent Polymers					
Net Sales	Million ¥	45,024	41,498	(3,526)	59,500
Operating Income	Million ¥	4,360	3,763	(597)	5,000
Gases and Engineering					
Net Sales	Million ¥	12,226	11,421	(805)	16,000
Operating Income	Million ¥	636	505	(131)	700
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	(50)	17	+68	-
Total					
Net Sales	Million ¥	69,818	66,286	(3,531)	94,000
Operating Income	Million ¥	5,752	6,097	(345)	8,000

(*)Beginning the three-month period ended June 30, 2015, the “industrial chemicals business” of the “Chemicals” segment was transferred to the “Gases and Engineering” segment owing to organizational changes that had been made. The segment information that is disclosed with respect to the same period of the previous fiscal year has been prepared in accordance with the new grouping of businesses.