

## Consolidated Financial Results for the Nine Months Ended December 31, 2014 (Q3 FY2014)

February 4, 2015

Sumitomo Seika Chemicals Company, Limited

During the nine months ended December 31, 2014 (fiscal 2014), Japan's economic recovery stayed weak by and large. Earlier, a trend of a moderate recovery had been expected to prevail as a result of the Japanese government implementing fiscal measures and the Bank of Japan enhancing monetary easing, but such initiatives failed to bring about a virtuous cycle in the real economy in reaction to hurried purchases having been made ahead of a raise in the consumption tax rate, among others. Globally, an economic outlook remained uncertain, given that the U.S. economy continued to be solid in performance whereas economies in Europe showed weakness, affected by various factors, including geopolitical ones, and China and other emerging countries exhibited a slowdown in economic growth.

Under these circumstances, the Sumitomo Seika Group's financial results for the nine months ended December 31, 2014 were as follows:

Net sales posted 69.818 billion yen, staying flat compared with the same period of the previous fiscal year;

Operating income was 5.752 billion yen, a 3.7% decline from the same period of the previous fiscal year;

Ordinary income came to 6.785 billion yen, virtually flat year-on-year; and

Net income recorded 4.929 billion yen, a 0.4% growth over 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 three of our subsidiaries in the first nine months period of the previous fiscal year and two subsidiaries in the first nine months period of the current fiscal year.

If an impact attributable to difference in a consolidation term for these overseas consolidated subsidiaries was removed from our financial results, net sales would increase by 3.899 billion yen (+6.0%), operating income would grow by 0.307 billion yen (+5.6%) and ordinary income would increase by 0.525 billion yen (+8.4%), all compared with the same period of the previous fiscal year.

## **Chemicals**

As a result of sales increase in industrial chemicals, fine particulate polymers, etc., this segment reported a 4.3% increase in net sales over the same period of the previous fiscal year, amounting to 14.638 billion yen. Operating income improved by 0.940 billion yen, to 0.790 billion yen owing to an increase in sales quantity and reduction in cost, etc. The impact of a change in the fiscal closing date with respect to overseas consolidated subsidiaries was minimal for this segment.

## **Super Absorbent Polymers**

Net sales were 45.024 billion yen, a 4.5% decrease from the same period of the previous fiscal year, and operating income was 4.360 billion yen, a 21.2% decline from the same period of the previous fiscal year.

If necessary adjustments were made to make a fair comparison in financial results for the same period between the current fiscal year and the previous fiscal year by excluding the impact of a change in the fiscal closing date for relevant overseas consolidated subsidiaries, net sales would increase by 2.413 billion yen, up 5.7%, and operating income would decrease by 0.599 billion yen, down 12.1%. This outcome is attributable to circumstances where sales quantities of super absorbent polymers increased mainly in Asia, while their sales prices decreased due to the eased supply and demand balance.

## **Gases and Engineering**

While the engineering business continued to face difficulties, sales of electronic gases stayed solid. As a result, this segment's net sales increased by 10.3 % to 10.154 billion yen over the same period of the previous fiscal year, and operating income increased by 14.4% to 0.651 billion yen from the same period of the previous fiscal year. The impact of a change in the fiscal closing date with respect to certain overseas consolidated subsidiaries was minimal for this segment.

# Outline of Consolidated Financial Statement for the Nine Months Ended December 31, 2014 (Q3 FY2014)

February 4, 2015

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

|   |           | 9 months ended December 31 |         | Y-o-y<br>change | FY 2014 ending<br>March 31, 2015 |
|---|-----------|----------------------------|---------|-----------------|----------------------------------|
|   |           | FY 2013                    | FY 2014 |                 |                                  |
| Net Sales                                 | Million ¥ | 70,407                     | 69,818  | (589)           | 94,000                           |
| Operating Income                          | Million ¥ | 5,972                      | 5,752   | (219)           | 7,900                            |
| Ordinary Income                           | Million ¥ | 6,851                      | 6,785   | (65)            | 8,400                            |
| Net Income                                | Million ¥ | 4,910                      | 4,929   | +18             | 5,900                            |
| Net Income Per Share for the Term         | ¥         | 71.21                      | 71.47   | +0.26           | 85.55                            |
| Shareholder Return on Equity for the Term | %         | 11.8                       | 10.0    | (1.8)           | 11.8                             |
| Average Exchange Rate                     | ¥/USD     | 99.39                      | 106.88  | -               | 110.00                           |
| Naphtha Price                             | ¥/KL      | 65,700                     | 68,900  | -               | 62,800                           |

(\*) For some of our overseas consolidated subsidiaries, their fiscal year closing date was changed in the previous year or in the current fiscal year. If an impact due to the fiscal closing date changes was removed from our financial results, net sales would increase 3.899 billion yen (+6.0%), operating income would grow 0.307 billion yen (+5.6%) and ordinary income would increase 0.525 billion yen (+8.4%), all compared with the same period of the previous fiscal year.

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

|                                 |           | 9 months ended December 31 |         | Y-o-y<br>change | FY 2014 ending<br>March 31, 2015 |
|---------------------------------|-----------|----------------------------|---------|-----------------|----------------------------------|
|                                 |           | FY 2013                    | FY 2014 |                 |                                  |
| <b>Chemicals</b>                |           |                            |         |                 |                                  |
| Net Sales                       | Million ¥ | 14,036                     | 14,638  | +602            | 20,500                           |
| Operating Income                | Million ¥ | (149)                      | 790     | +940            | 1,200                            |
| <b>Super Absorbent Polymers</b> |           |                            |         |                 |                                  |
| Net Sales                       | Million ¥ | 47,162                     | 45,024  | (2,138)         | 60,000                           |
| Operating Income                | Million ¥ | 5,535                      | 4,360   | (1,174)         | 6,000                            |
| <b>Gases and Engineering</b>    |           |                            |         |                 |                                  |
| Net Sales                       | Million ¥ | 9,207                      | 10,154  | +946            | 13,500                           |
| Operating Income                | Million ¥ | 569                        | 651     | +81             | 700                              |
| <b>(Elimination) Offsetting</b> |           |                            |         |                 |                                  |
| Net Sales                       | Million ¥ | -                          | -       | -               | -                                |
| Operating Income                | Million ¥ | 16                         | (50)    | (67)            | -                                |
| <b>Total</b>                    |           |                            |         |                 |                                  |
| Net Sales                       | Million ¥ | 70,407                     | 69,818  | (589)           | 94,000                           |
| Operating Income                | Million ¥ | 5,972                      | 5,752   | (219)           | 7,900                            |