

Consolidated Financial Results
for the Twelve Months Ended March 31, 2017 (Q4 FY2016)

May 16, 2017

Sumitomo Seika Chemicals Company, Ltd.

During the 12 months ended March 31, 2017 (fiscal 2016), the Japanese economy continued to be on the recovery track, albeit a moderate one, as consumer spending showed signs of picking up while employment and household income kept improving. Overseas, the North American and European economies exhibited a continued moderate recovery, although the situation varied, depending on countries or regions. Overall, however, the economic outlook remained opaque, given such factors as the growing uncertainty about U.S. government policies and the future course of the Chinese economy and those of other emerging markets in Asia.

Under these circumstances, the Sumitomo Seika Group's financial results for the twelve months ended March 31, 2017 were as follows:

Net sales posted 98.857 billion yen, a 13.6% increase over the same period in the previous fiscal year;

Operating income reached 10.541 billion yen, a 42.4% increase over the same period in the previous fiscal year;

Ordinary income amounted to 10.006 billion yen, a 58.1% increase over the same period in the previous fiscal year; and

Net income attributable to owners of the parent came to 5.739 billion yen, a 43.0% 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 fifteen months from January 1 through March 31 were consolidated for one of our subsidiaries in the previous fiscal year and one subsidiary in the current fiscal year.

If an impact attributable to the difference of a consolidation term for these overseas consolidated subsidiaries was removed from our financial results, net sales would increase by 9.397 billion yen (+10.8%), operating income would grow by 3.033 billion yen (+41.0%) and ordinary income would be higher by 3.571 billion yen (+56.5%), all compared with the same period of the previous fiscal year.

Chemicals

Net sales decreased by 3.3% from the same period of the previous fiscal year to 17.985 billion yen, and operating income decreased by 24.0% to 1.947 billion yen. This was primarily attributable to the consequences of a certain consolidated subsidiary in Japan having discontinued resale businesses, although a favorable performance resulted from increased 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 certain overseas consolidated subsidiaries was minor.

Super Absorbent Polymers

Net sales increased by 24.1% over the same period of the previous fiscal year to 65.778 billion yen, and operating income grew by 88.4% to 7.699 billion yen. If the impact of the change in the fiscal closing date for relevant overseas consolidated subsidiaries were excluded, net sales would increase by 10.414 billion yen (up 19.7%) over the previous year and operating income would grow by 3.506 billion yen (up 85.9%). This improvement in performance was attributable to an increased volume of sales to emerging markets, such as those in Southeast Asia and China, against the backdrop of a decline in product prices due to a fall in crude oil prices.

Gases and Engineering

Net sales decreased by 1.9% from the same period of the previous fiscal year to 15.093 billion yen, and operating income increased by 19.5% to 0.878 billion yen. This outcome reflects developments in overseas markets, i.e. a decrease in the sales volume of electronic gases and an increase in the sales volume of industrial chemicals and other products. The financial impact on this segment of the change in the fiscal closing date for certain overseas consolidated subsidiaries was minor.

Outline of Consolidated Financial Statement for the Twelve Months Ended March 31, 2017 (Q4 FY2016)

May 16, 2017

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		Fiscal year ended March 31		Y-o-y change	FY 2017 ending March 31, 2018
		FY 2015	FY 2016		
Net Sales	Million ¥	87,003	98,857	+11,853	101,000
Operating Income	Million ¥	7,404	10,541	+3,137	9,500
Ordinary Income	Million ¥	6,329	10,006	+3,676	9,400
Net Income attributable to owners of the parent	Million ¥	4,013	5,739	+1,726	6,000
Net Income Per Share for the Term	¥	290.99	416.16	+125.17	435.09
Shareholder Return on Equity for the Term	%	7.5	10.2	+2.7	10.0
Average Exchange Rate	¥/USD	120.14	108.43	-	110.00
Naphtha Price	¥/KL	42,800	34,700	-	39,000

(*) For some of our overseas consolidated subsidiaries, their fiscal year closing date was changed in the previous year and in the current fiscal year. If an impact attributable to the fiscal closing date changes was removed from our financial results, net sales would increase by 9.397 billion yen (+10.8%), operating income would grow by 3.033 billion yen (+41.0%) and ordinary income would be higher by 3.571 billion yen (+56.5%), all compared with the same period of the previous fiscal year.

2. Net Sales and Operating Income By Business Segment

		Fiscal year ended March 31		Y-o-y change	FY 2017 ending March 31, 2018
		FY 2015	FY 2016		
Chemicals					
Net Sales	Million ¥	18,607	17,985	(622)	18,000
Operating Income	Million ¥	2,561	1,947	(614)	1,800
Super Absorbent Polymers					
Net Sales	Million ¥	53,003	65,778	+12,775	67,000
Operating Income	Million ¥	4,086	7,699	+3,613	6,400
Gases and Engineering					
Net Sales	Million ¥	15,393	15,093	(299)	16,000
Operating Income	Million ¥	735	878	+143	1,300
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	21	15	(5)	-
Total					
Net Sales	Million ¥	87,003	98,857	+11,853	101,000
Operating Income	Million ¥	7,404	10,541	+3,137	9,500

