

Consolidated Financial Results
for the Six Months Ended September 30, 2017 (Q2 FY2017)

November 6, 2017

Sumitomo Seika Chemicals Company, Ltd.

During the first six months of the fiscal year ending March 2018 (April 1 - September 30, 2017), the Japanese economy stayed on a moderate and steady recovery track, as consumer spending showed signs of picking up while employment and household income kept improving. Overseas, although countries generally continued to show a moderate business recovery, the overall economic outlook remained opaque, given such factors as uncertainty about U.S. government policies and the future courses of the Chinese economy and other emerging markets.

Under these circumstances, the Sumitomo Seika Group's financial results for the six months ended September 30, 2017 were as follows:

Net sales posted 50.878 billion yen, a 7.2% increase compared with the same period in the previous fiscal year;

Operating income was 4.799 billion yen, a 8.4% decline from the same period in the previous fiscal year;

Ordinary income amounted to 4.847 billion yen, a 26.2% increase over the same period in the previous fiscal year; and

Net income attributable to owners of the parent came to 3.499 billion yen, a 47.0% 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 nine months from January 1 through September 30 were consolidated for one of our subsidiaries in the previous fiscal year.

If an impact attributable to the difference of a consolidation term for this overseas consolidated subsidiary was removed from our financial results, net sales would increase by 5.905 billion yen (+13.1%), operating income would decrease by 0.329 billion yen (-6.4%) and ordinary income would be higher by 1.117 billion yen (+29.9%), all compared with the same period of the previous fiscal year.

Chemicals

Net sales decreased by 6.5% from the same period of the previous fiscal year to 8.582 billion yen, and operating income declined by 40.7% to 0.664 billion yen. This was attributable primarily to a decline in the sales volume of pharmaceutical intermediates, despite the sales volume of fine particulate polymers staying more or less at the same level as in the previous year. The financial impact on this segment of the change in the fiscal closing date with respect to the overseas consolidated subsidiary was minor.

Super Absorbent Polymers

Net sales increased by 10.0% from the same period in the previous fiscal year to 34.492 billion yen, and operating income declined by 13.2% to 3.427 billion yen. If a comparison is made of financial results for the same period between the current fiscal year and the previous fiscal year after excluding the impact of the change in the fiscal closing date for the overseas consolidated subsidiary, net sales will increase by 5.534 billion yen (+19.1%) and operating income will decrease by 0.409 billion yen (-10.6%). The net sales growth derived from the expanded volume of sales in emerging markets in Asia, including China, whereas the operating income was squeezed by a rise in raw materials and fuel costs.

Gases and Engineering

Net sales increased by 12.5% from the same period of the previous fiscal year to 7.803 billion yen. Operating income also increased by 337.8% to 0.699 billion yen. This improvement in performance is attributable to the increased volume of sales of electronic gases, industrial chemicals, etc.

The financial impact on this segment of the change in the fiscal closing date with respect to the overseas consolidated subsidiary was minor.

Outline of Consolidated Financial Statement for the Six Months Ended September 30, 2017 (Q2 FY2017)

November 6, 2017

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2017 ending March 31, 2018
		FY 2016	FY 2017		
Net Sales	Million ¥	47,464	50,878	+3,413	104,000
Operating Income	Million ¥	5,237	4,799	(437)	10,000
Ordinary Income	Million ¥	3,840	4,847	+1,007	9,900
Net Income attributable to owners of the parent	Million ¥	2,380	3,499	+1,118	6,500
Net Income Per Share for the Term	¥	172.59	253.71	81.12	471.28
Shareholder Return on Equity for the Term	%	4.5	5.8	+1.3	11.0
Average Exchange Rate	¥/USD	105.35	111.08	-	110.54
Naphtha Price	¥/KL	31,500	37,600	-	40,300

(*) For one of our overseas consolidated subsidiaries, its fiscal year closing date was changed in the previous year. If an impact attributable to the fiscal closing date change was removed from our financial results, net sales would increase by 5.905 billion yen (+13.1%), operating income would decrease by 0.329 billion yen (-6.4%) and ordinary income would be higher by 1.117 billion yen (+29.9%), all compared with the same period of the previous fiscal year.

2. Net Sales and Operating Income By Business Segment

		6 months ended September 30		Y-o-y change	FY 2017 ending March 31, 2018
		FY 2016	FY 2017		
Chemicals					
Net Sales	Million ¥	9,182	8,582	(599)	18,000
Operating Income	Million ¥	1,121	664	(456)	1,700
Super Absorbent Polymers					
Net Sales	Million ¥	31,344	34,492	3,148	70,000
Operating Income	Million ¥	3,948	3,427	(520)	6,600
Gases and Engineering					
Net Sales	Million ¥	6,937	7,803	865	16,000
Operating Income	Million ¥	159	699	539	1,700
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	7	7	(0)	-
Total					
Net Sales	Million ¥	47,464	50,878	3,413	104,000
Operating Income	Million ¥	5,237	4,799	(437)	10,000

