

## Consolidated Financial Results for Fiscal Year 2017

May 15, 2018

Sumitomo Seika Chemicals Company, Ltd.

During the twelve months ended March 31, 2018 (fiscal 2017), the Japanese economy showed a moderate recovery, 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 uncertainty associated with U.S. government policies and economic prospects of China and other countries such as emerging economies in Asia.

Under these circumstances, the Sumitomo Seika Group's financial results for fiscal year 2017 were as follows:

Net sales posted 105.883 billion yen, a 7.1% increase compared with the previous fiscal year;

Operating income was 9.734 billion yen, a 7.7% decline from the previous fiscal year;

Ordinary income amounted to 9.935 billion yen, a 0.7% decrease from the previous fiscal year; and

Net income attributable to owners of the parent came to 6.698 billion yen, a 16.7% increase over 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.

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 9.518 billion yen (+9.9%), operating income would decrease by 0.698 billion yen (-6.7%) and ordinary income would be higher by 0.04 billion yen (+0.4%), all compared with the previous fiscal year.

### Chemicals

Net sales increased by 1.7% from the previous fiscal year to 18.293 billion yen, and operating income declined by 3.5% to 1.879 billion yen. This was attributable primarily to a decline in the sales of pharmaceutical intermediates, despite an increase in the 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 the overseas consolidated subsidiary was minor.

### Super Absorbent Polymers

Net sales increased by 8.7% from the previous fiscal year to 71.532 billion yen, and operating income declined by 21.8% to 6.023 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 8.14 billion yen (+12.8%) and operating income will decrease by 1.565 billion yen (-20.6%). The net sales growth derived from the expanded volume of sales in emerging markets in Asia, including China, whereas the operating income was squeezed, affected by a rise in raw materials and fuel costs.

### Gases and Engineering

Net sales increased by 6.4% from the previous fiscal year to 16.057 billion yen. Operating income also increased by 106.6% to 1.815 billion yen. This improvement in performance is attributable to the increased volume of sales of electronic gases.

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 Twelve Months Ended March 31, 2018 (Q4 FY2017)

May 15, 2018

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

		12 months ended March 31		Y-o-y change	FY 2018 ending March 31, 2019
		FY 2016	FY 2017		
Net Sales	Million ¥	98,857	105,883	+7,026	115,000
Operating Income	Million ¥	10,541	9,734	(806)	9,800
Ordinary Income	Million ¥	10,006	9,935	(70)	9,900
Net Income attributable to owners of the parent	Million ¥	5,739	6,698	+958	6,700
Net Income Per Share for the Term	¥	416.16	485.70	+69.54	485.78
Shareholder Return on Equity for the Term	%	10.2	10.9	+0.7	10.0
Average Exchange Rate	¥/USD	108.43	110.86	-	110.00
Average Exchange Rate	¥/CNY	16.11	16.75	-	17.00
Naphtha Price	¥/KL	34,700	41,900	-	48,000

(\*) 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 9.518 billion yen (+9.9%), operating income would decrease by 0.698 billion yen (-6.7%) and ordinary income would be higher by 0.040 billion yen (+0.4%), all compared with the same period of the previous fiscal year.

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

		12 months ended March 31		Y-o-y change	FY 2018 ending March 31, 2019
		FY 2016	FY 2017		
<b>Chemicals</b>					
Net Sales	Million ¥	17,985	18,293	+308	18,000
Operating Income	Million ¥	1,947	1,879	(67)	1,700
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	65,778	71,532	+5,754	80,000
Operating Income	Million ¥	7,699	6,023	(1,676)	6,100
<b>Gases and Engineering</b>					
Net Sales	Million ¥	15,093	16,057	+963	17,000
Operating Income	Million ¥	878	1,815	+937	2,000
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	15	15	(0)	-
<b>Total</b>					
Net Sales	Million ¥	98,857	105,883	+7,026	115,000
Operating Income	Million ¥	10,541	9,734	(806)	9,800

