

Notice Regarding Difference between Half-Year Consolidated Financial Forecast and Actual Results for Fiscal Year Ending March 31, 2020 and Revision of the Full-Year Financial Forecast

Nov 6, 2019

Sumitomo Seika Chemicals Company, Limited

Sumitomo Seika Chemicals Co., Ltd. announced today that there has occurred a difference between the Half-Year consolidated financial forecasts for the fiscal year ending March 31, 2020 announced on May 15, 2019 and the actual results for the same period as reported on November 6, 2019. In addition, based on its recent financial performance, the Company has revised its Full-Year consolidated financial forecasts for the fiscal year ending March 31, 2020 as follows.

1. Difference between the Half-Year consolidated financial forecasts for the fiscal year ending March 31, 2020 (Half-Year fiscal 2019) and the actual results for the same period

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income Per Share (Yen)
Previous Forecast (A)	50,000	2,000	2,000	1,500	108.76
Actual Results (B)	48,643	3,660	2,663	1,661	120.45
Variance in Amount (B-A)	- 1,356	1,660	663	161	
Variance in Percentage (%)	- 2.7	83.0	33.2	10.7	
Results for Half-Year Ended September 30, 2018	54,954	4,801	4,637	3,145	228.05

2. Reason for the Difference

Operating income for the Half-Year has exceeded the initial forecast because of lower-than-expected raw material prices, reduced fixed costs and other factors.

Ordinary income and net income attributable to owners of the parent have resulted as shown above. These results mainly reflect the impact of foreign exchange losses with respect foreign-currency-denominated receivables and payables associated with the parent company and the Company's overseas subsidiaries as well as some positive factors that served to increase operating income.

3. Revision of the Full-Year consolidated financial forecast for the fiscal year ending March 31, 2020 (fiscal 2019)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income Per Share (Yen)
Previous Forecast (A)	106,000	6,000	6,000	4,500	326.27
Revised forecast (B)	100,000	6,000	5,000	3,500	253.77
Variance in Amount (B-A)	-6,000	-	-1,000	-1,000	
Variance in Percentage (%)	-5.7%	-	-16.7%	-22.2%	
Results for Full-Year Ended March 31, 2019	109,634	9,072	8,636	604	43.82

4. Reason for the revision of the Full-Year financial forecast

Operating income for the Half-Year has exceeded the initial forecast as stated above in "2. Reason for the Difference". On the other hand, the Sumitomo Seika Group is expected to continue facing uncertainties in business environment globally in the Third Quarter of fiscal 2019 and beyond, notably the slowing of Chinese economy driven by the US-China trade conflict as well as foreign exchange fluctuations.

Given the circumstances, as far as the Third and Fourth Quarters are concerned, certain assumptions initially set for the Full-Year forecast have been revised. Specifically, foreign exchange rates have been changed from 110 yen per US dollar to 105 yen per US dollar and from 16.0 yen per Chinese Yuan to 15.0 yen per Chinese Yuan, and the domestic naphtha priced reduced from 43,000 yen per KL down to 40,000 yen per KL.

Sales forecast also has been revised downward, reflecting declines in product selling prices that resulted as a result of a fall in raw material prices as well as the impact of the above changes in assumed foreign exchange rates. Operating income is expected to stay at the initially announced level as we have to anticipate lower profit levels in the Third and Fourth Quarters.

Ordinary income and net income attributable to owners of the parent have been revised downward due primarily to the impact of foreign exchange losses recorded in the Second Quarter.

Cautionary Statement

The forecasts referred to in the above were made based on information currently available. They may, therefore, be different from the actual results to be determined later, depending on various circumstances and reasons.