

Consolidated Financial Results  
for the Six Months Ended September 30, 2019 (Half-Year FY2019)

November 6, 2019

Sumitomo Seika Chemicals Company, Ltd.

During the six months ended September 30, 2019 (Half-Year Fiscal 2019), the Japanese economy recovered moderately as consumer spending showed signs of picking up, though it lingered rather weak mainly in exports. Overseas, concern about economic prospects continued to prevail, given, among others, a slowing trend of China's economy that had been driven by the U.S. protectionist policies in trade. Under these circumstances, the Sumitomo Seika Group's financial results for the six months ended September 30, 2019 were as follows:

Net sales posted 48.643 billion yen, an 11.5% decrease compared with the same period in the previous fiscal year;

Operating income was 3.660 billion yen, a 23.8% decrease from the same period in the previous fiscal year;

Ordinary income recorded 2.663 billion yen, a 42.6% decrease from the same period in the previous fiscal year owing mainly to foreign exchange losses of 1.071 billion yens recorded with respect to foreign-currency-denominated receivables and payables associated with the parent company and the Company's overseas subsidiaries;

Net income attributable to owners of the parent declined to 1.661 billion yen, a 47.2% drop from the previous fiscal year, due to the impact of the decrease in ordinary income and other factors.

In addition, beginning the second quarter of fiscal 2019, the segment name "Chemicals" has been changed to "Functional Chemicals" for the purpose of the financial statement. The change is only for the sake of renaming and has no effect on the financial information of the segment.

#### Functional Chemicals

Net sales increased by 2.1% over the same period of the previous fiscal year to 9.171 billion yen, while operating income decreased by 9.8% to 0.877 billion yen. The increase in net sales was attributable primarily to an increase in the sales volume of emulsion products. The decline in operating income was due mainly to an increase in R&D expenses.

#### Super Absorbent Polymers

Net sales decreased by 15.3% from the same period of the previous fiscal year to 32.372 billion yen, and operating income also decreased by 40.9% to 1.752 billion yen. This was attributable primarily to a decrease in both selling prices and sales volume in China as well as an impact of the weakening of the yuan.

## Gases and Engineering

Net sales decreased by 8.5% from the same period of the previous fiscal year to 7.100 billion yen, while operating income increased by 19.9% to 1.024 billion yen. The decline in net sales was due to a decrease in sale volume of electronic gases and other products, while the increase in operating income reflected mainly improvement in the profitability of the engineering business.

# Outline of Consolidated Financial Statement for the Six Months Ended September 30, 2019 (Half-Year FY2019)

November 6, 2019

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2019 ending March 31, 2020
		FY 2018	<b>FY 2019</b>		
Net Sales	Million ¥	54,954	<b>48,643</b>	(6,310)	100,000
Operating Income	Million ¥	4,801	<b>3,660</b>	(1,140)	6,000
Ordinary Income	Million ¥	4,637	<b>2,663</b>	(1,973)	5,000
Net Income attributable to owners of the parent	Million ¥	3,145	<b>1,661</b>	(1,483)	3,500
Net Income Per Share for the Term	¥	228.05	<b>120.45</b>	(107.60)	253.77
Shareholder Return on Equity for the Term	%	4.8	<b>2.6</b>	(2.2)	5.4
Average Exchange Rate	¥/USD	110.27	<b>108.63</b>	-	106.82
Average Exchange Rate	¥/CNY	16.74	<b>15.68</b>	-	15.34
Naphtha Price	¥/KL	51,100	<b>42,800</b>	-	41,400

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

		6 months ended September 30		Y-o-y change	FY 2019 ending March 31, 2020
		FY 2018	<b>FY 2019</b>		
<b>Chemicals</b>					
Net Sales	Million ¥	8,980	<b>9,171</b>	+190	19,000
Operating Income	Million ¥	972	<b>877</b>	(95)	1,900
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	38,217	<b>32,372</b>	(5,845)	65,000
Operating Income	Million ¥	2,967	<b>1,752</b>	(1,214)	2,300
<b>Gases and Engineering</b>					
Net Sales	Million ¥	7,755	<b>7,100</b>	(655)	16,000
Operating Income	Million ¥	854	<b>1,024</b>	+170	1,800
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	<b>-</b>	-	-
Operating Income	Million ¥	7	<b>6</b>	(1)	-
<b>Total</b>					
Net Sales	Million ¥	54,954	<b>48,643</b>	(6,310)	100,000
Operating Income	Million ¥	4,801	<b>3,660</b>	(1,140)	6,000