



Financial Results & Outlook for FY2014



May 12, 2014



Sumitomo Chemical Co., Ltd.



(Cautionary Statement)

Statements made in this material with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

Contents

1. Consolidated Financial Results for FY2013 Ended March 31, 2014		(Reference: Segment Information)	
■ Financial Summary.....	2	■ Net Sales by Business Segments.....	21
■ Net Sales by Business Segments.....	3	■ Operating Income by Business Segments.....	22
■ Operating Income by Business Segments.....	5	■ Capital Expenditures by Business Segments.....	23
■ Major Cost Elements.....	7	■ Depreciation and Amortization by Business Segments.....	24
■ Extraordinary Gains / Losses.....	8	■ Research & Development Expenses by Business Segments.....	25
■ Consolidated Balance Sheets.....	9	■ Estimated Capital Expenditures by Business Segments.....	26
■ Consolidated Statements of Cash Flows	10	■ Estimated Depreciation and Amortization by Business Segments...	27
■ Major Subsidiaries.....	11	■ Estimated Research & Development Expenses by Business Segments.....	28
2. Outlook for FY2014			
■ Financial Summary.....	13		
■ Net Sales by Business Segments.....	14		
■ Operating Income by Business Segments.....	16		
■ Major Cost Elements.....	18		
■ Consolidated Statements of Cash Flows	19		

1. Consolidated Financial Results for FY2013 Ended March 31, 2014



Financial Summary

Unit; billions of yen

	FY2012	FY2013	Difference	Ratio
Net Sales	1,952.5	2,243.8	291.3	14.9%
Operating Income	45.0	100.8	55.8	124.0%
(Equity in earnings of affiliates, included in ordinary income)	(5.4)	(12.0)	(6.6)	121.2%
(Net gain on foreign currency transactions, included in ordinary income)	(6.8)	(4.8)	(-1.9)	-28.4%
Ordinary Income	50.3	111.1	60.9	121.1%
(Extraordinary Gain / Loss)	(-37.9)	(-24.9)	(13.0)	-
(Income taxes)	(-52.7)	(-31.2)	(21.5)	-
(Minority interests in income)	(-10.7)	(-18.0)	(-7.3)	-
Net Income	-51.1	37.0	88.1	-
ROE	-10.4%	6.5%		
Exchange Rate (yen/USD)	82.91	100.17		
Naphtha Price (yen/KL)	57,500	67,300		

Net Sales by Business Segments I

Unit; billions of yen

	FY2012	FY2013	Difference	Ratio	Sales Price Variance	Shipping Volume Variance	Foreign Currency Conversion Variance
Basic Chemicals	263.5	286.9	23.4	8.9%	13.5	-2.6	12.5
Petrochemicals	693.9	792.0	98.2	14.1%	67.5	-45.8	76.4
IT-related Chemicals	300.0	362.3	62.3	20.8%	-37.5	24.8	75.0
Health & Crop Sciences	262.6	327.0	64.4	24.5%	-3.0	35.1	32.3
Pharmaceuticals	378.6	418.8	40.2	10.6%	0	8.0	32.2
Others & Adjustments	54.0	56.8	2.9	5.3%	0	2.9	0
Total	1,952.5	2,243.8	291.3	14.9%	40.5	22.3	228.5
Overseas Operations	1,043.8	1,292.9	249.0	23.9%			
Overseas Ratio	53.5%	57.6%					

Net Sales by Business Segments II

Unit; billions of yen

	FY2012	FY2013	Difference	Main Factors
Basic Chemicals	263.5	286.9	23.4	• Correction of the yen's appreciation
Petrochemicals	693.9	792.0	98.2	• Higher market price for synthetic resins and petrochemical products • Decline in shipments due to maintenance work at Petro Rabigh • Correction of the yen's appreciation
IT-related Chemicals	300.0	362.3	62.3	• Increase in shipments of polarizing film and touchscreen panel • Correction of the yen's appreciation
Health & Crop Sciences	262.6	327.0	64.4	• Increase in shipments of herbicides in overseas markets • Increase in shipments of feed additive methionine • Correction of the yen's appreciation
Pharmaceuticals	378.6	418.8	40.2	• Increase in shipments of Latuda® in North America • Decline in shipments of existing products due to generic entry • Correction of the yen's appreciation
Others & Adjustments	54.0	56.8	2.9	
Total	1,952.5	2,243.8	291.3	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2012	FY2013					
Basic Chemicals	-6.4	-10.9	-4.5	-4.5	0	0	-4.5
Petrochemicals	-3.2	4.9	8.2	12.5	2.0	-6.3	8.2
IT-related Chemicals	11.7	34.9	23.2	-24.5	17.0	30.7	23.2
Health & Crop Sciences	26.3	38.2	11.9	-7.5	-6.0	25.4	11.9
Pharmaceuticals	30.9	47.1	16.2	0	6.0	10.2	16.2
Others & Adjustments	-14.2	-13.4	0.8	0	0	0.8	0.8
Total	45.0	100.8	55.8	-24.0	19.0	60.8	55.8



Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2012	FY2013		
Basic Chemicals	-6.4	-10.9	-4.5	<ul style="list-style-type: none"> • Margin erosion in methyl methacrylate and raw materials for synthetic fiber
Petrochemicals	-3.2	4.9	8.2	<ul style="list-style-type: none"> • Better margins for synthetic resins and petrochemical products
IT-related Chemicals	11.7	34.9	23.2	<ul style="list-style-type: none"> • Increase in shipments of polarizing film and touchscreen panel • Correction of the yen's appreciation
Health & Crop Sciences	26.3	38.2	11.9	<ul style="list-style-type: none"> • Increase in shipments of herbicides in overseas markets • Correction of the yen's appreciation
Pharmaceuticals	30.9	47.1	16.2	<ul style="list-style-type: none"> • Increase in shipments of Latuda® in North America and strategic products in Japan • Decline in shipments of existing products due to generic entry • Decrease in labor costs, depreciation and amortization
Others & Adjustments	-14.2	-13.4	0.8	
Total	45.0	100.8	55.8	

Major Cost Elements

Unit; billions of yen

	FY2012	FY2013	Difference
Labor Costs	267.7	287.1	19.4
Maintenance Costs	51.4	56.8	5.4
Depreciation and Amortization	115.5	115.7	0.3
Research & Development Expenses	125.0	141.3	16.3
Capital Expenditures	116.1	143.4	27.3
Number of employees (as of March 31)	30,396	30,745	349

Extraordinary Gains / Losses

Unit; billions of yen

	FY2012	FY2013	Difference
Gain on sale of investment securities	-	3.4	3.4
Others	1.5	5.6	4.1
Extraordinary Gains	1.5	9.0	7.5
Impairment loss	22.9	21.8	-1.1
Restructuring charges	10.8	10.6	-0.1
Others	5.8	1.5	-4.3
Extraordinary Losses	39.4	33.9	-5.5
Extraordinary Gains / Losses	-37.9	-24.9	13.0

Consolidated Balance Sheets

Unit: billions of yen

	31-Mar-13	31-Mar-14	Difference		31-Mar-13	31-Mar-14	Difference
Current Assets	1,108.8	1,242.5	133.7	Liabilities	1,724.6	1,854.0	129.4
Cash and cash equivalents	126.9	132.3	5.4	Trade notes and accounts payable	256.1	296.1	39.9
Trade notes and accounts receivable	404.3	448.4	44.1	Interest-bearing Liabilities	1,060.6	1,074.6	14.0
Inventories	410.5	429.5	19.0	Others	407.9	483.3	75.4
Others	167.1	232.3	65.3	Net Assets	747.5	934.5	187.0
Non-current Assets	1,363.3	1,546.0	182.7	Shareholders' equity	524.5	549.2	24.7
Property, plant and equipment	640.2	722.8	82.6	Accumulated other comprehensive income	-28.0	94.0	122.1
Intangible assets	185.1	195.4	10.2	Minority interests	251.0	291.2	40.2
Investment and other assets	537.9	627.8	89.8				
Total	2,472.1	2,788.5	316.4	Total	2,472.1	2,788.5	316.4

Shareholders' equity ratio	20.1%	23.1%	3.0%
----------------------------	-------	-------	------

Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2012	FY2013	Difference
Cash flows from operating activities	171.6	194.4	22.8
Cash flows from investing activities	-165.8	-135.2	30.6
Free cash flows	5.8	59.2	53.4
Cash flows from financing activities	-36.0	-59.1	-23.1
Effect of exchange rate changes on cash and cash equivalents	8.9	14.7	5.8
Net change in cash and cash equivalents	-21.3	14.8	36.1
Cash and cash equivalents at end of year	126.9	132.3	5.4

Major Subsidiaries

Company	Net Sales		Profit Trends
	FY2012	FY2013	
The Polyolefin Company (Singapore) (millions of USD)	1,344	1,361	Improved due to better margins
Petrochemical Corporation of Singapore (millions of USD)	3,427	3,605	Improved due to better margins
Rabigh Refining and Petrochemical Company (millions of SAR)	62,011	50,598	Decreased due to low capacity utilization as a result of the blackout incident and other factors
Dongwoo Fine-Chem (billions of KRW)	2,311	2,077	Increased mainly due to higher sales volume
Valent U.S.A. and Subsidiaries (millions of USD)	600	804	Increased mainly due to higher sales volume



2. Outlook for FY2014

Financial Summary

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference	Ratio
Net Sales	2,243.8	2,320.0	76.2	3.4%
Operating Income	100.8	105.0	4.2	4.1%
(Equity in earnings of affiliates, included in ordinary income)	(12.0)	(23.0)	(11.0)	91.2%
Ordinary Income	111.1	120.0	8.9	8.0%
Net Income	37.0	45.0	8.0	21.7%
ROE	6.5%	6.9%		
Exchange Rate (yen/USD)	100.17	100.00		
Naphtha Price (yen/KL)	67,300	70,000		

Net Sales by Business Segments I

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference	Ratio	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	286.9	310.0	23.1	8.1%	2.0	21.1
Petrochemicals	792.0	760.0	-32.0	-4.0%	16.0	-48.0
IT-related Chemicals	362.3	445.0	82.7	22.8%	-36.0	118.7
Health & Crop Sciences	327.0	355.0	28.0	8.6%	-1.5	29.5
Pharmaceuticals	418.8	385.0	-33.8	-8.1%	-9.0	-24.8
Others & Adjustments	56.8	65.0	8.2	14.3%	0	8.2
Total	2,243.8	2,320.0	76.2	3.4%	-28.5	104.7

Net Sales by Business Segments II

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference	Main Factors
Basic Chemicals	286.9	310.0	23.1	<ul style="list-style-type: none"> ▪ Increase in shipments of raw materials for synthetic fibers and methyl methacrylate ▪ Sales expansion of high-purity alumina
Petrochemicals	792.0	760.0	-32.0	<ul style="list-style-type: none"> ▪ Change in commercial distribution of Petro Rabigh's petrochemical products
IT-related Chemicals	362.3	445.0	82.7	<ul style="list-style-type: none"> ▪ Increase in shipments of polarizing film, touchscreen panels, and lithium-ion secondary battery separators
Health & Crop Sciences	327.0	355.0	28.0	<ul style="list-style-type: none"> ▪ Increase in shipments of herbicides and other crop protection chemicals
Pharmaceuticals	418.8	385.0	-33.8	<ul style="list-style-type: none"> ▪ Decline in shipments of existing products due to generic entry ▪ NHI price revision in Japan
Others & Adjustments	56.8	65.0	8.2	
Total	2,243.8	2,320.0	76.2	

Operating Income by Business Segments I

Unit; billions of yen

	Operating Income		Difference	Price Variance	Cost Variance	Shipping Volume Variance and Other	Total
	FY2013	FY2014 (estimated)					
Basic Chemicals	-10.9	-6.0	4.9	3.0	-2.5	4.4	4.9
Petrochemicals	4.9	10.0	5.1	-5.0	1.5	8.6	5.1
IT-related Chemicals	34.9	37.0	2.1	-32.0	4.5	29.6	2.1
Health & Crop Sciences	38.2	45.0	6.8	-2.5	-0.5	9.8	6.8
Pharmaceuticals	47.1	26.0	-21.1	-9.0	11.5	-23.6	-21.1
Others & Adjustments	-13.4	-7.0	6.4	0	2.0	4.4	6.4
Total	100.8	105.0	4.2	-45.5	16.5	33.2	4.2

Operating Income by Business Segments II

Unit; billions of yen

	Operating Income		Difference	Main Factors
	FY2013	FY2014 (estimated)		
Basic Chemicals	-10.9	-6.0	4.9	<ul style="list-style-type: none"> • Gradual recovery of margin and shipments of methyl methacrylate and raw materials for synthetic fibers • Sales expansion of high-purity alumina
Petrochemicals	4.9	10.0	5.1	<ul style="list-style-type: none"> • Increase in shipments of Japanese and Singapore products
IT-related Chemicals	34.9	37.0	2.1	<ul style="list-style-type: none"> • Increase in shipments of lithium-ion secondary battery separator • Cost reduction of polarizing film and other products
Health & Crop Sciences	38.2	45.0	6.8	<ul style="list-style-type: none"> • Increase in shipments of herbicides and other crop protection chemicals
Pharmaceuticals	47.1	26.0	-21.1	<ul style="list-style-type: none"> • Decline in shipments of existing products due to generic entry • NHI price revision in Japan
Others & Adjustments	-13.4	-7.0	6.4	
Total	100.8	105.0	4.2	

Major Cost Elements

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference
Labor Costs	287.1	295.0	7.9
Maintenance Costs	56.8	57.0	0.2
Depreciation and Amortization	115.7	115.0	-0.7
Research & Development Expenses	141.3	145.0	3.7
Capital Expenditures	143.4	91.0	-52.4
Number of employees (as of March 31)	30,745	31,500	755



Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference
Cash flows from operating activities	194.4	235.0	40.6
Cash flows from investing activities	-135.2	-95.0	40.2
Free cash flows	59.2	140.0	80.8
Cash flows from financing activities	-59.1	-110.0	-50.9
Effect of exchange rate changes on cash and cash equivalents	14.7	-	-14.7
Net change in cash and cash equivalents	14.8	30.0	15.2
Interest-Bearing Debt Balance	1,074.6	980.0	-94.6

(Reference: Segment Information)

Net Sales by Business Segments

Unit: billions of yen

	FY2012				FY2013				FY2014 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1st Half	2nd Half
Basic Chemicals	66.6	66.3	60.8	69.8	66.8	70.1	68.3	81.7	150.0	160.0
Petrochemicals	177.5	165.7	162.3	188.3	177.4	191.5	202.5	220.6	365.0	395.0
IT-related Chemicals	70.3	73.8	77.2	78.7	86.1	95.7	91.7	88.7	220.0	225.0
Health & Crop Sciences	67.2	52.6	50.5	92.3	76.0	63.5	67.7	119.8	155.0	200.0
Pharmaceuticals	96.8	97.4	98.2	86.2	97.6	99.6	110.7	110.9	195.0	190.0
Others & Adjustments	11.7	15.6	11.9	14.8	11.7	14.8	14.5	15.9	25.0	40.0
Total	490.0	471.4	460.9	530.2	515.5	535.3	555.4	637.5	1,110.0	1,210.0

Operating Income by Business Segments

Unit; billions of yen

	FY2012				FY2013				FY2014 (estimated)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1st Half	2nd Half
Basic Chemicals	-2.5	-0	-2.2	-1.6	-2.1	-2.7	-2.7	-3.4	-5.0	-1.0
Petrochemicals	0.1	-0.3	-1.4	-1.6	2.1	1.7	1.6	-0.5	2.0	8.0
IT-related Chemicals	1.2	1.3	4.8	4.5	10.0	11.7	7.5	5.7	19.0	18.0
Health & Crop Sciences	6.5	1.2	1.2	17.4	8.1	3.4	3.1	23.5	13.0	32.0
Pharmaceuticals	12.6	10.5	14.1	-6.4	10.7	9.9	18.6	7.9	14.0	12.0
Others & Adjustments	-4.8	-1.1	-4.2	-4.0	-4.4	-2.3	-3.2	-3.6	-8.0	1.0
Total	13.0	11.5	12.3	8.2	24.6	21.7	24.8	29.7	35.0	70.0

Capital Expenditures by Business Segments

Unit; billions of yen

	FY2012	FY2013	Difference
Basic Chemicals	33.0	22.7	-10.3
Petrochemicals	14.1	17.0	2.9
IT-related Chemicals	18.7	51.5	32.8
Health & Crop Sciences	25.1	17.5	-7.6
Pharmaceuticals	14.6	28.7	14.0
Others & Adjustments	10.6	6.1	-4.5
Total	116.1	143.4	27.3

Depreciation and Amortization by Business Segments

Unit; billions of yen

	FY2012	FY2013	Difference
Basic Chemicals	15.5	18.0	2.5
Petrochemicals	13.7	12.8	-0.9
IT-related Chemicals	17.9	25.0	7.1
Health & Crop Sciences	15.3	17.7	2.3
Pharmaceuticals	37.1	28.1	-9.0
Others & Adjustments	15.9	14.1	-1.7
Total	115.5	115.7	0.3

Research & Development Expenses by Business Segments

Unit; billions of yen

	FY2012	FY2013	Difference
Basic Chemicals	5.8	6.4	0.6
Petrochemicals	7.1	7.6	0.5
IT-related Chemicals	12.3	15.0	2.8
Health & Crop Sciences	20.6	22.9	2.3
Pharmaceuticals	61.1	71.9	10.8
Others & Adjustments	18.1	17.6	-0.5
Total	125.0	141.3	16.3

Estimated Capital Expenditures by Business Segments

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference
Basic Chemicals	22.7	20.0	-2.7
Petrochemicals	17.0	13.5	-3.5
IT-related Chemicals	51.5	12.0	-39.5
Health & Crop Sciences	17.5	15.0	-2.5
Pharmaceuticals	28.7	20.0	-8.7
Others & Adjustments	6.1	10.5	4.4
Total	143.4	91.0	-52.4

Estimated Depreciation and Amortization by Business Segments

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference
Basic Chemicals	18.0	19.0	1.0
Petrochemicals	12.8	14.0	1.2
IT-related Chemicals	25.0	31.0	6.0
Health & Crop Sciences	17.7	18.0	0.3
Pharmaceuticals	28.1	20.0	-8.1
Others & Adjustments	14.1	13.0	-1.1
Total	115.7	115.0	-0.7

Estimated Research & Development Expenses by Business Segments

Unit; billions of yen

	FY2013	FY2014 (estimated)	Difference
Basic Chemicals	6.4	8.0	1.6
Petrochemicals	7.6	7.0	-0.6
IT-related Chemicals	15.0	16.0	1.0
Health & Crop Sciences	22.9	25.5	2.6
Pharmaceuticals	71.9	72.0	0.1
Others & Adjustments	17.6	16.5	-1.1
Total	141.3	145.0	3.7