

Financial Results for FY2020 Third Quarter

January 29, 2021



(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.

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(Reference: Segment Information)

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1. Financial Results for FY2020 Third Quarter

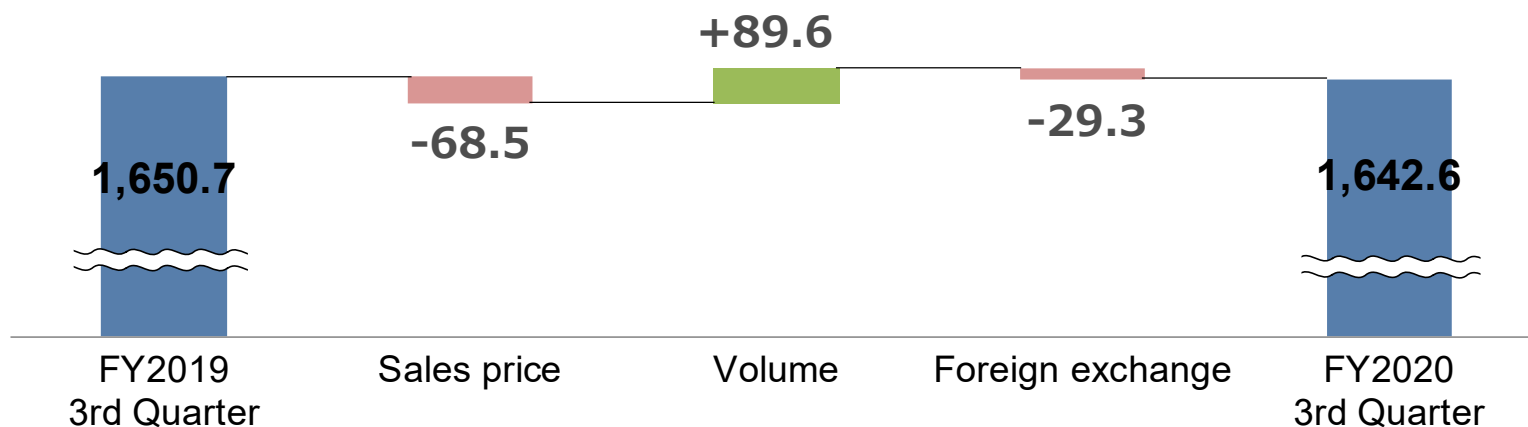
Unit; Billions of yen

	FY2019 3rd Quarter	FY2020 3rd Quarter	Difference	Ratio
Sales revenue	1,650.7	1,642.6	-8.1	-0.5%
Core operating income	116.3	107.0	-9.3	-8.0%
(Equity in earnings)	(19.8)	(-21.9)	(-41.7)	-
Non-recurring items	11.4	9.7	-1.7	-
Operating income	127.7	116.6	-11.0	-8.6%
Finance income/expenses	-0.9	-23.1	-22.3	-
(Gain/loss on foreign currency transactions)	(-1.9)	(-18.5)	(-16.6)	-
Income tax expenses	-60.3	-39.4	20.9	-
Net income attributable to non-controlling interests	-28.9	-32.2	-3.3	-
Net income attributable to owners of the parent	37.6	21.9	-15.6	-41.6%
ROE	3.8%	2.4%		
Exchange rate(yen/\$)	108.65	106.11		
Naphtha price(yen/KL)	42,300	28,900		
Overseas sales revenue ratio	66.2%	68.8%		

Unit; Billions of yen

	FY2019 3rd Quarter	FY2020 3rd Quarter	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Petrochemicals & Plastics	518.3	408.4	-109.9	-21.2%	-46.5	-58.7	-4.7
Energy & Functional Materials	190.6	175.4	-15.3	-8.0%	-9.5	-5.2	-0.6
IT-related Chemicals	304.9	324.3	19.3	6.3%	-9.5	36.3	-7.4
Health & Crop Sciences	218.5	282.4	63.9	29.3%	1.5	73.5	-11.1
Pharmaceuticals	382.2	417.5	35.3	9.2%	-5.0	45.7	-5.4
Others & Adjustments	36.1	34.6	-1.5	-4.1%	0.5	-2.0	0.0
Total	1,650.7	1,642.6	-8.1	-0.5%	-68.5	89.6	-29.3

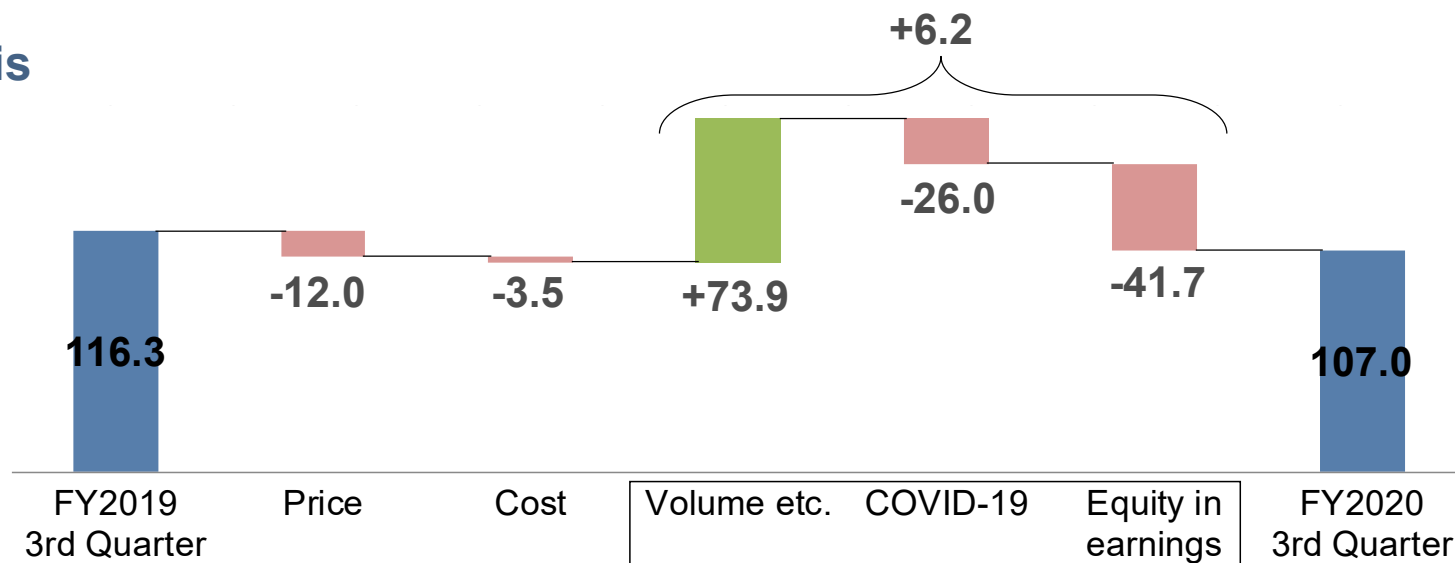
Analysis



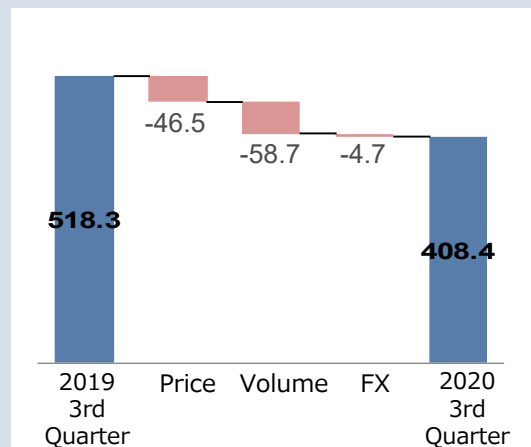
Unit; Billions of yen

	FY2019 3rd Quarter	FY2020 3rd Quarter	Difference	Price variance	Cost variance	Shipping volume variance and other
Petrochemicals & Plastics	27.4	-27.9	-55.2	-4.5	-0.5	-50.2
Energy & Functional Materials	17.7	15.6	-2.1	2.0	0.5	-4.6
IT-related Chemicals	18.7	31.8	13.2	-9.5	8.0	14.7
Health & Crop Sciences	-13.6	12.2	25.8	4.5	8.5	12.8
Pharmaceuticals	67.6	74.7	7.2	-5.0	-20.0	32.2
Others & Adjustments	-1.4	0.5	1.9	0.5	0.0	1.4
Total	116.3	107.0	-9.3	-12.0	-3.5	6.2

Analysis



Sales Revenue



Total ¥408.4 billion (-109.9 from FY2019 3rd Quarter)

Sales price

-46.5

- Lower market prices

Volume

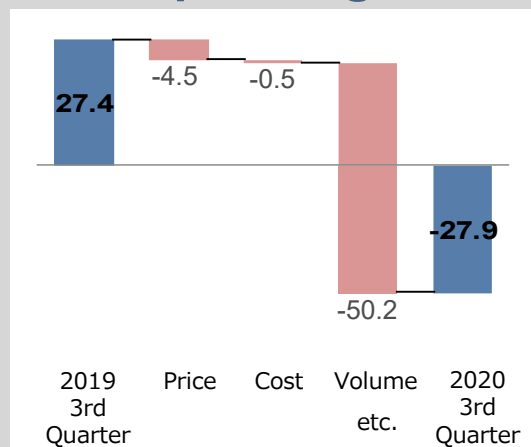
-58.7

- Decrease in shipments of Rabigh products
- Decrease in shipments of synthetic resins due to the COVID-19 pandemic.

Foreign exchange

-4.7

Core Operating Income



Total ¥-27.9 billion (-55.2 from FY2019 3rd Quarter)

Price variance

-4.5

- Decrease in profit margin on petrochemical products

Cost variance

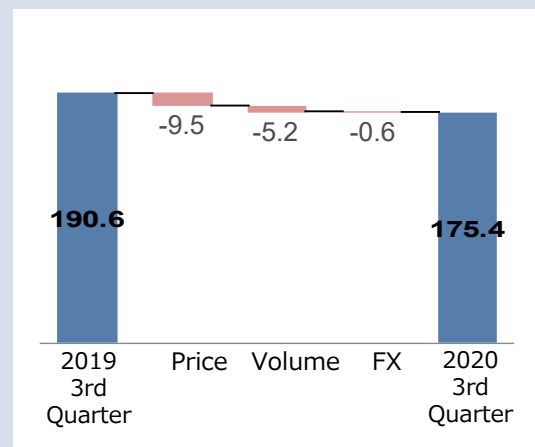
-0.5

Volume variance etc.

-50.2

- Decrease in equity in earnings from investment in affiliates
- Decrease in shipments of synthetic resins due to the COVID-19 pandemic.

Sales Revenue



Total ¥175.4 billion (-15.3 from FY2019 3rd Quarter)

Sales price

-9.5

- Lower market price for aluminum
- Decline in the selling price of cathode materials

Volume

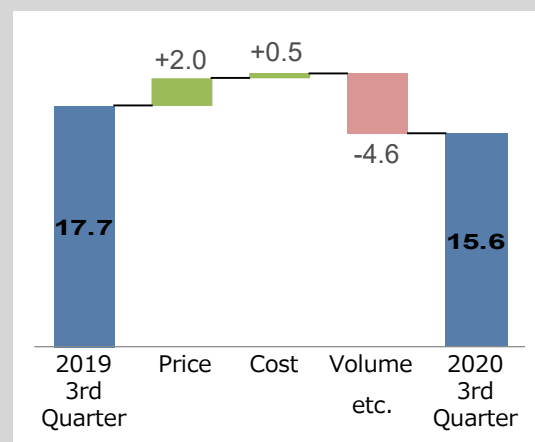
-5.2

- Decrease in shipments of lithium-ion secondary battery separators and synthetic rubber due to the COVID-19 pandemic.

Foreign exchange

-0.6

Core Operating Income



Total ¥15.6 billion (-2.1 from FY2019 3rd Quarter)

Price variance

+2.0

Cost variance

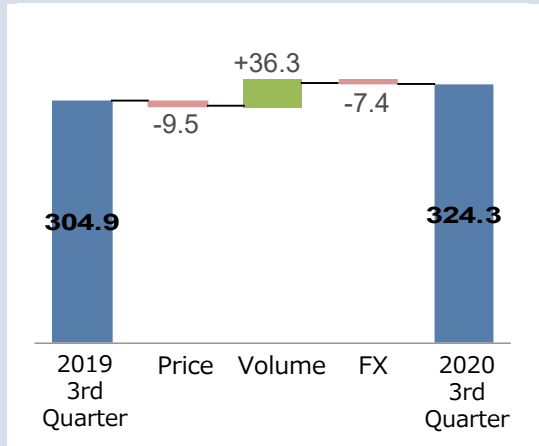
+0.5

Volume variance etc.

-4.6

- Decrease in shipments of lithium-ion secondary battery separators and synthetic rubber due to the COVID-19 pandemic.

Sales Revenue



Total ¥324.3 billion (+19.3 from FY2019 3rd Quarter)

Sales price

-9.5

- Decline in the selling price of polarizing film

Volume

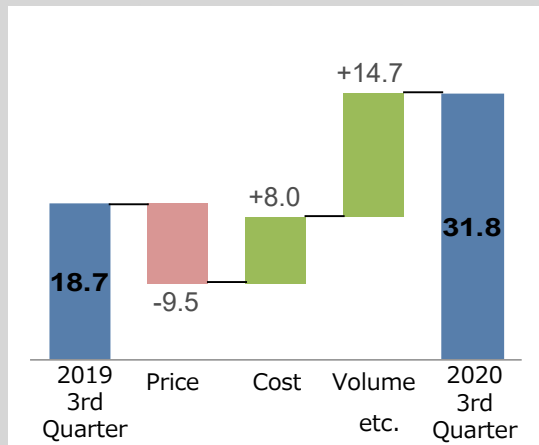
+36.3

- Increase in shipments of processing materials for semiconductors
- Increase in shipments of materials for display applications

Foreign exchange

-7.4

Core Operating Income



Total ¥31.8 billion (+13.2 from FY2019 3rd Quarter)

Price variance

-9.5

- Decline in the selling price of polarizing film

Cost variance

+8.0

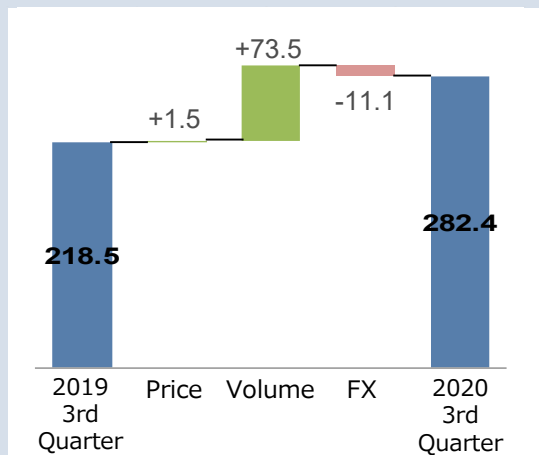
- Rationalization of the use of raw materials
- Improvement of production yield

Volume variance etc.

+14.7

- Increase in shipments of processing materials for semiconductors
- Increase in shipments of materials for display applications

Sales Revenue



Total ¥282.4 billion (+63.9 from FY2019 3rd Quarter)

Sales price

+1.5

- Higher market price for feed additive methionine

Volume

+73.5

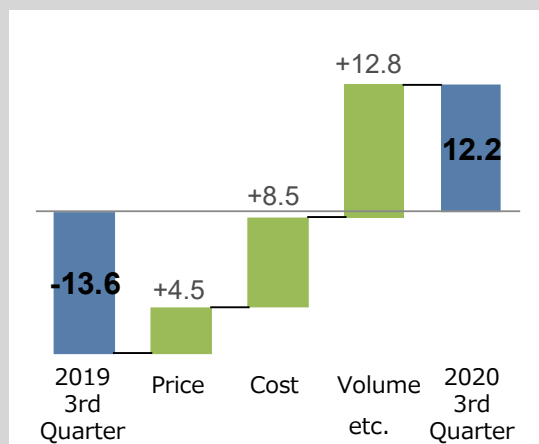
- Acquisition of South American subsidiaries of Nufarm
- Increase in shipments of crop protection products in India

Foreign exchange

-11.1

Core Operating Income

Total ¥12.2 billion (+25.8 from FY2019 3rd Quarter)



Price variance

+4.5

- Increase in profit margin on feed additive methionine

Cost variance

+8.5

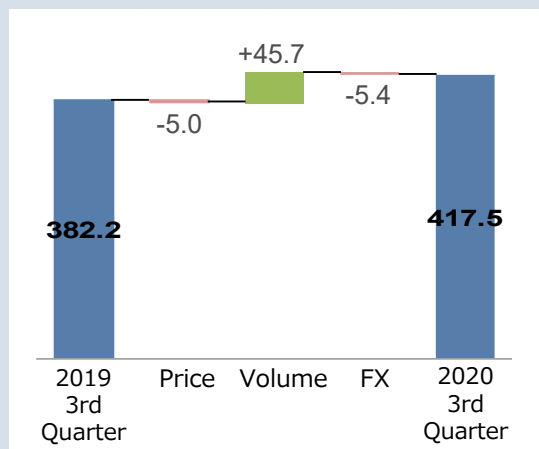
- Rationalization of manufacturing cost of methionine
- Change in timing of recording expenses

Volume variance etc.

+12.8

- Acquisition of South American subsidiaries of Nufarm
- Increase in shipments of crop protection products in India

Sales Revenue



Total ¥417.5 billion (+35.3 from FY2019 3rd Quarter)

Sales price

-5.0

- NHI price revisions in Japan

Volume

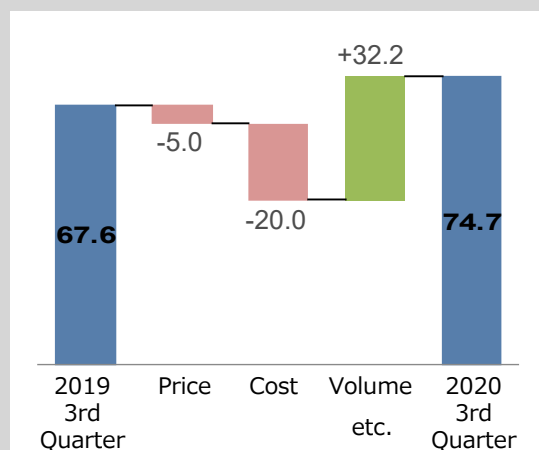
+45.7

- Increase in shipments of Latuda® in North America
- Contribution of domestic sales of Equa®/EquMet® launched in 2019

Foreign exchange

-5.4

Core Operating Income



Total ¥74.7 billion (+7.2 from FY2019 3rd Quarter)

Price variance

-5.0

- NHI price revisions in Japan

Cost variance

-20.0

- Increase in SG&A and R&D expenses due to the strategic alliance with Roivant

Volume variance etc.

+32.2

- Increase in shipments of Latuda® in North America

Unit; Billions of yen

	FY2019 3rd Quarter	FY2020 3rd Quarter	Difference
Gain on sale of property, plant and equipment	0.5	18.6	18.1
Restructuring charges	-5.0	-3.7	1.3
Impairment loss	-22.7	-1.7	20.9
Changes in fair value of contingent consideration	40.8	-0.4	-41.2
Others	-2.2	-3.1	-0.9
Non-recurring items	11.4	9.7	-1.7

				Unit; Billions of yen			
	31-Mar-20	31-Dec-20	Difference		31-Mar-20	31-Dec-20	Difference
Current assets	1,310.9	1,557.5	246.6	Liabilities	2,261.5	2,498.8	237.3
Cash and cash equivalents	180.6	404.1	223.4	Trade and other payables	436.1	447.1	11.1
Trade and other receivables	570.4	575.7	5.3	Interest-bearing Liabilities	1,304.7	1,464.6	160.0
Inventories	492.4	512.5	20.1	Others	520.8	587.0	66.3
Others	67.5	65.2	-2.2	Equity	1,392.6	1,391.4	-1.2
Non-current assets	2,343.2	2,332.7	-10.5	Shareholders' equity	910.1	922.7	12.6
Property, plant and equipment	778.4	777.0	-1.4	Other components of equity	13.9	-0.3	-14.1
Goodwill and Intangible assets	666.1	673.4	7.4	Non-controlling interests	468.6	469.0	0.4
Others	898.7	882.2	-16.5				
Total	3,654.1	3,890.2	236.1	Total	3,654.1	3,890.2	236.1
				Equity attributable to owners of parent to total assets	25.3%	23.7%	-1.6%
				D/E ratio (times)	0.9	1.1	0.2

※ During FY 2020, we finalized the provisional accounting treatment for business combinations carried out in FY 2019. As a result, figures for FY 2019 are retrospectively adjusted to reflect the revision of the initially allocated amounts of acquisition price.

Unit; Billions of yen

	FY2019 3rd Quarter	FY2020 3rd Quarter	Difference
Cash flows from operating activities	63.6	273.4	209.8
Cash flows from investing activities	-419.0	-159.9	259.0
Free cash flows	-355.4	113.5	468.9
Cash flows from financing activities	463.9	103.1	-360.8
Effect of exchange rate changes on cash and cash equivalents	-1.2	6.8	8.0
Net change in cash and cash equivalents	107.4	223.4	116.1
Cash and cash equivalents at end of period	309.1	404.1	95.0

2. Fiscal 2020 Forecast

No revision is foreseen in the full-year forecast at present.

- Driven by good performance of consolidated results, 3Q cumulative results of core operating income exceeded their respective annual forecasts.
 - Statistical analysis of the results of a global phase III study of Napabucasin in patients with colorectal cancer will be obtained in February, 2021.
 - Partnership with Pfizer for the development and marketing of Relugolix may impact on the earnings.
- If there is any need to revise the forecast on the consolidated results, we will promptly announce it.

(Reference: Segment Information)

Unit: Billions of yen

	FY2019				FY2020			FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half (Estimated)
Petrochemicals & Plastics	177.5	174.7	166.1	138.6	108.2	135.4	164.8	243.6	281.4
Energy & Functional Materials	64.9	66.1	59.6	64.4	48.3	56.9	70.1	105.2	134.8
IT-related Chemicals	102.5	104.4	98.1	99.9	103.8	109.4	111.0	213.3	216.7
Health & Crop Sciences	71.9	74.4	72.2	125.2	88.9	97.2	96.4	186.1	244.0
Pharmaceuticals	125.8	121.7	134.8	133.6	140.8	135.4	141.4	276.1	258.9
Others & Adjustments	10.7	13.0	12.4	13.4	10.1	12.3	12.1	22.5	32.5
Total	553.2	554.3	543.2	575.1	500.2	546.6	595.8	1,046.8	1,168.2

Core Operating Income by Business Segment (Quarterly)

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Unit; Billions of yen

	FY2019				FY2020			FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half (Estimated)
Petrochemicals & Plastics	13.0	4.4	10.0	-12.9	-19.9	-11.4	3.4	-31.3	-1.7
Energy & Functional Materials	5.6	7.0	5.1	2.7	2.0	2.8	10.8	4.8	13.2
IT-related Chemicals	7.8	7.5	3.4	6.4	9.9	12.3	9.7	22.1	13.9
Health & Crop Sciences	-4.6	-3.6	-5.4	15.7	3.8	6.1	2.3	9.9	21.1
Pharmaceuticals	23.0	23.9	20.7	7.7	24.5	24.5	25.7	49.1	1.9
Others & Adjustments	-0.5	1.1	-2.0	-3.2	-0.2	-0.3	1.0	-0.5	-2.5
Total	44.3	40.2	31.7	16.4	20.2	33.9	52.9	54.1	45.9

Company	Sales Revenue		Profit Trends
	FY2019 3rd Quarter	FY2020 3rd Quarter	
The Polyolefin Company (Singapore) (Millions of USD)	810	669	↗ Profit margins improved while the sales volume decreased.
Petrochemical Corporation of Singapore (Millions of USD)	1,855	1,455	↗ Profit margins improved.
Rabigh Refining and Petrochemical Company (Millions of SAR)	26,202	13,820	↘ Largely due to periodic shutdown maintenance in this fiscal year, and lowered margins on oil refining and petrochemical products.
Dongwoo Fine-Chem (Billions of KRW)	1,873.3	1,930.0	↗ Profit increased after a change in product mix and higher sales volume.
Valent U.S.A. and Subsidiaries (Millions of USD)	432	464	↗ Changes in the timing of shipment and recording expenses.