



Financial Results & Outlook for FY2011



May 11, 2011



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.



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1. Consolidated Financial Results for FY2010 Ended March 31, 2011





Financial Summary

Unit; billions of yen

	FY2009	FY2010	Difference	Growth
Net Sales	1,620.9	1,982.4	361.5	22.3%
Operating Income	51.5	88.0	36.5	70.9%
(Equity in earnings of affiliates, included in ordinary income)	(Δ7.0)	(10.8)	(17.8)	-
(Net loss on foreign currency transactions in ordinary income)	(Δ0.5)	(Δ6.6)	(Δ6.1)	-
Ordinary Income	35.0	84.1	49.1	140.6%
Net Income	14.7	24.4	9.7	66.0%
ROE	2.6%	4.5%		
Naphtha Price (yen/KL)	41,200	47,500		
Exchange Rate (yen/US\$)	92.89	85.74		



Net Sales by Business Segments

Unit; billions of yen

	FY2009	FY2010	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	203.3	248.5	45.2	22.2%	28.0	17.2
Petrochemicals	481.5	649.9	168.4	35.0%	78.5	89.9
Fine Chemicals	86.7	88.9	2.2	2.5%	Δ0.5	2.7
IT-related Chemicals	265.2	322.3	57.1	21.5%	Δ25.0	82.1
Agricultural Chemical	211.5	215.8	4.2	2.0%	Δ2.5	6.7
Pharmaceuticals	267.5	365.9	98.4	36.8%	Δ17.0	115.4
Others	105.1	91.2	Δ13.9	Δ13.2%	0.0	Δ13.9
Total	1,620.9	1,982.4	361.5	22.3%	61.5	300.0
Overseas Operations	728.9	1,056.7	327.8	45.0%		

* The figures for FY2009 have been adjusted to reflect the accounting changes applied from FY2010.



Results of Operations by Business Segments

Unit; billions of yen

	Basic Chemicals	Petro-Chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Adjustments	Total
Operating Income									
FY2009	1.3	Δ0.2	3.6	6.3	29.3	29.9	6.7	Δ25.4	51.5
FY2010	21.3	11.1	0.1	26.1	22.4	26.9	5.8	Δ25.8	88.0
Difference	19.9	11.4	Δ3.5	19.8	Δ6.9	Δ3.0	Δ0.9	Δ0.4	36.5
Price Variance	15.0	8.0	Δ1.0	Δ25.0	Δ3.5	Δ17.0	0.0	0.0	Δ23.5
Sales Price Variance	28.0	78.5	Δ0.5	Δ25.0	Δ2.5	Δ17.0	0.0	0.0	61.5
Purchase Price Variance	Δ13.0	Δ70.5	Δ0.5	0.0	Δ1.0	0.0	0.0	0.0	Δ85.0
Cost Variance	Δ2.5	Δ1.0	Δ3.5	18.5	Δ7.5	Δ95.0	0.5	Δ1.0	Δ91.5
VC	0.0	0.0	0.0	19.5	0.5	0.0	0.0	0.0	20.0
FC	Δ2.5	Δ1.0	Δ3.5	Δ1.0	Δ8.0	Δ95.0	0.5	Δ1.0	Δ111.5
Shipping Volume Variance	7.4	4.4	1.0	26.3	4.1	109.1	Δ1.4	0.6	151.5
Total	19.9	11.4	Δ3.5	19.8	Δ6.9	Δ3.0	Δ0.9	Δ0.4	36.5

* The figures for FY2009 have been adjusted to reflect the accounting changes applied from FY2010.



Elements of Major Costs

Unit; billions of yen

	FY2009	FY2010	Difference
Labor Costs	242.9	277.0	34.0
Maintenance Costs	48.8	53.7	4.9
Depreciation and Amortization	116.1	147.0	30.9
Research & Development Expenses	117.3	138.1	20.8
Capital Expenditures	103.2	98.7	Δ4.5
Number of employees (at March 31)	27,828	29,382	1,554



Extraordinary Gains / Losses

Unit; billions of yen

	FY2009	FY2010	Difference
Gain on sales of investment securities	9.5	-	Δ9.5
Gain on sales of property, plant and equipment	1.1	-	Δ1.1
Extraordinary Gains	10.6	-	Δ10.6
Restructuring charges	2.7	4.1	1.4
Impairment loss on fixed assets	-	3.2	3.2
Loss on disaster	-	1.1	1.1
Compensation for revision of personnel system	1.6	-	Δ1.6
Extraordinary Losses	4.2	8.4	4.2



Consolidated Balance Sheets

Unit; billions of yen					
	31-Mar-10	31-Mar-11		31-Mar-10	31-Mar-11
Current Assets	1,013.5	1,098.3	Liabilities	1,562.5	1,608.4
Cash and cash equivalents	120.7	151.6	Trade notes and accounts	214.6	228.0
Trade notes and accounts	382.5	413.8	Short-term debt	349.5	259.0
Inventories	355.7	358.1	Long-term debt due within one year	55.7	80.1
Others	154.7	174.8	Long-term debt due after one year	592.8	701.2
Non-current Assets	1,370.4	1,269.0	Others	349.9	340.1
Property, plant and equipment	581.8	552.5	Net Assets	821.4	758.9
Intangible assets	249.7	184.8	Shareholders' equity	601.5	603.9
Investment securities	394.5	401.0	Valuation and translation adjustments	Δ26.2	Δ81.5
Others	144.3	130.6	Minority interests	246.1	236.4
Total	2,383.9	2,367.3	Total	2,383.9	2,367.3
			Interest-bearing debt balance	997.9	1,040.3



Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2009	FY2010	Difference
Cash flows from operating activities	132.9	176.2	43.4
Cash flows from investing activities	Δ269.4	Δ156.0	113.4
Free cash flows	Δ136.5	20.2	156.8
Cash flows from financing activities	168.7	18.0	Δ150.7
Effect of exchange rate changes on cash and cash equivalents	1.2	Δ7.7	Δ8.9
Net change in cash and cash equivalents	33.4	30.6	Δ2.8
Cash and cash equivalents at end of year	120.7	151.6	30.9



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2009	FY2010	
The Polyolefin Company (Singapore)	90.6	117.8	Increased due to better margins resulting from higher market prices
Petrochemical Corporation of Singapore	205.0	265.4	Increased due to better margins and increase in sales volume
Rabigh Refining and Petrochemical Company	736.2	1,098.3	Increased due to the full-fledged contribution
Dongwoo Fine-Chem	142.4	171.0	Increased due to increase in sales volume
Valent U.S.A. and Subsidiaries	42.6	43.5	Decreased due to increase in cost more than offsetting strong sales

2. Outlook for FY2011



Financial Summary

Unit; billions of yen

	FY2010	FY2011 (estimated)	Difference	Growth
Net Sales	1,982.4	2,120.0	137.6	6.9%
Operating Income	88.0	80.0	Δ8.0	Δ9.0%
(Equity in earnings of affiliates, included in ordinary income)	(10.8)	(18.0)	(7.2)	66.3%
Ordinary Income	84.1	87.0	2.9	3.5%
Net Income	24.4	50.0	25.6	104.6%
ROE	4.5%	9.3%		
Naphtha Price (yen/KL)	47,500	61,000		
Exchange Rate (yen/US\$)	85.74	82.50		



Net Sales by Business Segments

Unit: billions of yen

	FY2010	FY2011 (estimated)	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	302.3	300.0	Δ2.3	Δ0.8%	5.0	Δ7.3
Petrochemicals	649.9	755.0	105.1	16.2%	120.0	Δ14.9
IT-related Chemicals	322.3	350.0	27.7	8.6%	Δ31.5	59.2
Health & Crop Sciences	250.8	275.0	24.2	9.6%	Δ3.0	27.2
Pharmaceuticals	410.6	390.0	Δ20.6	Δ5.0%	0.0	Δ20.6
Others	46.6	50.0	3.4	7.3%	0.0	3.4
Total	1,982.4	2,120.0	137.6	6.9%	90.5	47.1

* The figures for the FY2010 have been adjusted owing to the organizational revision as of April 1, 2011.



Results of Operations by Business Segments

Unit; billions of yen

	Basic Chemicals	Petrochemicals	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Adjustments	Total
Operating Income								
FY2010	20.6	11.1	26.1	23.3	28.7	4.1	Δ26.0	88.0
FY2011 (estimated)	22.0	9.0	26.0	27.0	17.0	2.0	Δ23.0	80.0
Difference	1.4	Δ2.1	Δ0.1	3.7	Δ11.7	Δ2.1	3.0	Δ8.0
Price Variance	Δ2.5	Δ3.0	Δ31.5	Δ5.0	Δ0.5	0.0	0.0	Δ42.5
Sales Price Variance	5.0	120.0	Δ31.5	Δ3.0	0.0	0.0	0.0	90.5
Purchase Price Variance	Δ7.5	Δ123.0	0.0	Δ2.0	Δ0.5	0.0	0.0	Δ133.0
Cost Variance	3.0	4.0	17.0	5.0	Δ3.0	Δ0.5	2.0	27.5
VC	0.0	0.0	18.0	0.0	0.0	0.0	0.0	18.0
FC	3.0	4.0	Δ1.0	5.0	Δ3.0	Δ0.5	2.0	9.5
Shipping Volume Variance	0.9	Δ3.1	14.4	3.7	Δ8.2	Δ1.6	1.0	7.0
Total	1.4	Δ2.1	Δ0.1	3.7	Δ11.7	Δ2.1	3.0	Δ8.0

* The figures for the FY2010 have been adjusted owing to the organizational revision as of April 1, 2011.



Elements of Major Costs

Unit: billions of yen

	FY2010	FY2011 (estimated)	Difference
Labor Costs	277.0	275.0	Δ2.0
Maintenance Costs	53.7	56.5	2.8
Depreciation and Amortization	147.0	121.0	Δ26.0
Research & Development Expenses	138.1	130.0	Δ8.1
Capital Expenditures	98.7	159.0	60.3
Number of employees (at March 31)	29,382	31,000	1,618



Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2010	FY2011 (estimated)	Difference
Cash flows from operating activities	176.2	175.0	Δ1.2
Cash flows from investing activities	Δ156.0	Δ150.0	6.0
Free cash flows	20.2	25.0	4.8
Cash flows from financing activities	18.0	Δ25.0	Δ43.0
Effect of exchange rate changes on cash and cash equivalents	Δ7.7	-	7.7
Net change in cash and cash equivalents	30.6	-	Δ30.6
Interest-Bearing Debt Balance	1,040.3	1,040.0	Δ0.3

(Reference: Segment Information)



Capital Expenditures by Business Segments

Unit; billions of yen

	FY2009	FY2010	Difference
Basic Chemicals	12.4	13.4	1.0
Petrochemicals	14.4	13.7	Δ0.6
Fine Chemicals	17.8	6.6	Δ11.2
IT-related Chemicals	11.5	27.7	16.2
Agricultural Chemicals	23.2	12.2	Δ10.9
Pharmaceuticals	7.8	10.0	2.2
Others	8.6	8.4	Δ0.2
Adjustments	7.7	6.7	Δ1.0
Total	103.2	98.7	Δ4.5

* The figures for FY2009 have been adjusted to reflect the accounting changes applied from FY2010.



Depreciation and Amortization by Business Segments

Unit; billions of yen

	FY2009	FY2010	Difference
Basic Chemicals	14.2	14.9	0.8
Petrochemicals	19.4	18.4	Δ1.0
Fine Chemicals	7.3	10.3	3.0
IT-related Chemicals	23.2	20.3	Δ2.9
Agricultural Chemicals	12.6	18.2	5.7
Pharmaceuticals	21.2	46.9	25.7
Others	8.3	7.5	Δ0.8
Adjustments	10.1	10.5	0.4
Total	116.1	147.0	30.9

* The figures for FY2009 have been adjusted to reflect the accounting changes applied from FY2010.



Research & Development Expenses by Business Segments

Unit; billions of yen

	FY2009	FY2010	Difference
Basic Chemicals	12.4	13.4	1.0
Petrochemicals	14.4	13.7	Δ0.6
Fine Chemicals	17.8	6.6	Δ11.2
IT-related Chemicals	11.5	27.7	16.2
Agricultural Chemicals	23.2	12.2	Δ10.9
Pharmaceuticals	7.8	10.0	2.2
Others	8.6	8.4	Δ0.2
Adjustments	7.7	6.7	Δ1.0
Total	103.2	98.7	Δ4.5

* The figures for FY2009 have been adjusted to reflect the accounting changes applied from FY2010.



Estimated Capital Expenditures by Business Segments

Unit; billions of yen

	FY2010	FY2011 (estimated)	Difference
Basic Chemicals	16.6	29.5	12.9
Petrochemicals	13.7	24.0	10.3
IT-related Chemicals	27.7	53.0	25.3
Health & Crop Sciences	15.6	20.0	4.4
Pharmaceuticals	10.5	19.0	8.5
Others	7.9	4.0	Δ3.9
Adjustments	6.7	9.5	2.8
Total	98.7	159.0	60.3

* The figures for FY2010 have been adjusted to reflect organizational revision as of April 1, 2011.



Estimated Depreciation and Amortization by Business Segments

Unit: billions of yen

	FY2010	FY2011 (estimated)	Difference	Difference due to change in depreciation method (included in the left column)
Basic Chemicals	21.2	15.5	Δ5.7	Δ6.0
Petrochemicals	18.4	15.0	Δ3.4	Δ5.0
IT-related Chemicals	20.3	15.5	Δ4.8	Δ6.0
Health & Crop Sciences	22.3	14.5	Δ7.8	Δ5.0
Pharmaceuticals	47.2	44.0	Δ3.2	0
Others	7.2	7.0	Δ0.2	0
Adjustments	10.5	9.5	Δ1.0	Δ3.0
Total	147.0	121.0	Δ26.0	Δ25.0

* The figures for FY2010 have been adjusted to reflect organizational revision as of April 1, 2011.



Estimated Research & Development Expenses by Business Segments

Unit: billions of yen

	FY2010	FY2011 (estimated)	Difference
Basic Chemicals	5.1	5.5	0.4
Petrochemicals	7.6	8.0	0.4
IT-related Chemicals	11.6	11.5	Δ0.1
Health & Crop Sciences	21.6	21.0	Δ0.6
Pharmaceuticals	71.2	64.0	Δ7.2
Others	0.4	0.5	0.1
Adjustments	20.7	19.5	Δ1.2
Total	138.1	130.0	Δ8.1

* The figures for FY2010 have been adjusted to reflect organizational revision as of April 1, 2011.