
First Half Financial Results & Outlook for FY2009



Oct 30, 2009



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 First Half of FY2009 Ending March 31, 2010





Financial Summary

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference	Growth
Net Sales	735.2	1,009.2	△274.0	△27.2%
Operating Income	11.2	31.0	△19.8	△64.0%
Ordinary Income	7.8	23.0	△15.2	△66.1%
(Equity in earnings of affiliates, included in ordinary income)	(△1.4)	(△2.9)	(1.5)	-
Net Income	△3.5	6.3	△9.8	-
ROE	△0.6%	0.8%		
Naphtha Price (yen/KL)	37,400	78,200		
Exchange Rate (yen/US\$)	95.53	106.12		



Net Sales by Business Segments

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	94.0	153.9	△ 60.0	△ 39.0%	△ 35.5	△ 24.5
Petrochemicals	211.2	334.1	△ 122.9	△ 36.8%	△ 109.5	△ 13.4
Fine Chemicals	32.5	46.7	△ 14.3	△ 30.5%	△ 1.5	△ 12.8
IT-related Chemicals	111.7	162.5	△ 50.9	△ 31.3%	△ 19.0	△ 31.9
Agricultural Chemicals	108.3	113.6	△ 5.3	△ 4.7%	△ 2.5	△ 2.8
Pharmaceuticals	118.6	120.7	△ 2.1	△ 1.7%	0.0	△ 2.1
Others	59.0	77.6	△ 18.6	△ 24.0%	0.0	△ 18.6
Total	735.2	1,009.2	△ 274.0	△ 27.2%	△ 168.0	△ 106.0
Overseas Operations	315.5	425.0	△ 109.5	△ 25.8%		



Results of Operations by Business Segments

Unit; billions of yen

	Basic Chemicals	Petrochemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
1st Half ofFY2009	△3.8	△6.3	0.1	△5.7	12.8	15.8	△1.6	11.2
1st Half ofFY2008	△1.2	△10.1	2.2	12.3	12.3	19.2	△3.7	31.0
Difference	△2.6	3.8	△2.1	△18.0	0.5	△3.4	2.0	△19.8
Price Variance	1.5	10.0	2.0	△19.0	1.5	0.0	0.0	△4.0
Sales Price Variance	△35.5	△109.5	△1.5	△19.0	△2.5	0.0	0.0	△168.0
Purchase Price Variance	37.0	119.5	3.5	0.0	4.0	0.0	0.0	164.0
Cost Variance	1.5	△2.0	1.0	8.0	2.0	△3.5	2.5	9.5
VC	0.0	0.0	0.5	8.0	0.5	0.0	0.0	9.0
FC	1.5	△2.0	0.5	0.0	1.5	△3.5	2.5	0.5
Shipping Volume Variance	△5.6	△4.2	△5.1	△7.0	△3.0	0.1	△0.5	△25.3
Total	△2.6	3.8	△2.1	△18.0	0.5	△3.4	2.0	△19.8



Elements of Major Costs

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference
Labor Costs	120.1	114.2	5.9
Maintenance Costs	23.4	25.7	△2.3
Depreciation and Amortization	52.3	61.5	△9.2
Research & Development Expenses	56.6	56.5	0.1
Capital Expenditures	40.1	72.9	△32.8
Number of employees (at September 30)	27,320	28,118	△798



Extraordinary Gains / Losses

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference
Gain on sale of investment securities	-	0.9	△ 0.9
Gain on sale of property, plant and equipment	-	0.9	△ 0.9
Special Gains	-	1.8	△ 1.8
Restructuring charges	0.5	2.3	△ 1.8
Special Losses	0.5	2.3	△ 1.8
Special Gains / Losses	△ 0.5	△ 0.5	0.0



Consolidated Balance Sheets

Unit; billions of yen

	30-Sep-09	31-Mar-09		30-Sep-09	31-Mar-09
Current Assets	914.3	838.1	Liabilities	1,292.7	1,246.9
Cash and cash equivalents	112.0	85.8	Trade notes and accounts	208.3	151.5
Trade notes and accounts	344.4	294.3	Short-term debt	246.6	277.3
Inventories	333.1	335.7	Long-term debt due within one year	64.2	41.2
Others	124.8	122.3	Long-term debt due after one year	500.8	476.9
Non-current Assets	1,179.7	1,184.4	Others	272.9	300.0
Property, plant and equipment	565.7	567.8	Net Assets	801.3	775.6
Intangible assets	61.2	63.4	Shareholders' equity	583.2	592.1
Investment securities	406.6	384.6	Valuation and translation adjustments	△20.3	△47.8
Others	146.2	168.6	Minority interests	238.4	231.3
Total	2,094.0	2,022.6	Total	2,094.0	2,022.6
			Interest-bearing debt balance	811.6	795.4



Consolidated Statements of Cash Flows

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference
Cash flows from operating activities	57.7	17.1	40.5
Cash flows from investing activities	△43.8	△105.5	61.7
Free cash flows	13.9	△88.3	102.3
Cash flows from financing activities	10.3	80.8	△70.5
Effect of exchange rate changes on cash and cash equivalents	1.5	△1.2	2.7
Net increase (decrease) in cash and cash equivalents	25.7	△8.7	34.5
Cash and cash equivalents at end of year	112.0	98.7	13.3



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	1st Half of FY2009	1st Half of FY2008	
The Polyolefin Company (Singapore)	41.9	75.4	Remained almost flat because of inventory valuation gains offsetting lower margins.
Petrochemical Corporation of Singapore	84.1	189.9	Increased because of improved margins thanks to falling raw material prices.
Dongwoo Fine-Chem	59.6	96.8	Decreased because of lower selling prices.
Valent U.S.A. and Subsidiaries	27.8	26.2	Increased because of strong sales.

2. Outlook for FY2009

Financial Summary

Unit; billions of yen

	FY2009 (estimated)	FY2008	Difference	Growth
Net Sales	1,620.0	1,788.2	△ 168.2	△ 9.4%
Operating Income	35.0	2.1	32.9	-
Ordinary Income	20.0	△ 32.6	52.6	-
(Equity in earnings of affiliates, included in ordinary income)	(△ 3.0)	(△ 12.8)	(9.8)	-
Net Income	10.0	△ 59.2	69.2	-
ROE	1.8%	△ 9.0%		
Exchange Rate (yen/US\$)	93.00	100.71		
(Second half)	(90.00)			
Naphtha Price (yen/KL)	40,200	58,900		
(Second half)	(43,000)			



Net Sales by Business Segments

Unit; billions of yen

	FY2009 (estimated)	FY2008	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	195.0	240.0	△ 45.0	△ 18.8%	△ 41.5	△ 3.5
Petrochemicals	500.0	553.0	△ 53.0	△ 9.6%	△ 138.5	85.5
Fine Chemicals	70.0	80.8	△ 10.8	△ 13.3%	△ 3.5	△ 7.3
IT-related Chemicals	275.0	307.1	△ 32.1	△ 10.5%	△ 39.0	6.9
Agricultural Chemicals	210.0	222.2	△ 12.2	△ 5.5%	△ 7.5	△ 4.7
Pharmaceuticals	235.0	235.6	△ 0.6	△ 0.3%	0.0	△ 0.6
Others	135.0	149.5	△ 14.5	△ 9.7%	0.0	△ 14.5
Total	1,620.0	1,788.2	△ 168.2	△ 9.4%	△ 230.0	61.8



Results of Operations by Business Segments

Unit; billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2009(estimated)	△6.0	△9.0	2.5	3.0	25.5	22.5	△3.5	35.0
FY2008	△15.3	△30.3	1.6	△1.0	24.4	32.4	△9.6	2.1
Difference	9.3	21.3	0.9	4.0	1.1	△9.9	6.1	32.9

Price Variance	1.0	△1.5	1.0	△39.0	0.0	0.0	0.0	△38.5
Sales Price Variance	△41.5	△138.5	△3.5	△39.0	△7.5	0.0	0.0	△230.0
Purchase Price Variance	42.5	137.0	4.5	0.0	7.5	0.0	0.0	191.5
Cost Variance	4.0	△2.5	0.5	31.0	0.5	△9.0	7.5	32.0
VC	0.0	0.0	0.5	17.5	1.0	0.0	0.0	19.0
FC	4.0	△2.5	0.0	13.5	△0.5	△9.0	7.5	13.0
Shipping Volume Variance	4.3	25.3	△0.6	12.0	0.6	△0.9	△1.4	39.4
Total	9.3	21.3	0.9	4.0	1.1	△9.9	6.1	32.9



Elements of Major Costs

Unit; billions of yen

	FY2009 (estimated)	FY2008	Difference
Labor Costs	241.0	229.5	11.5
Maintenance Costs	49.0	52.5	△ 3.5
Depreciation and Amortization	110.0	140.7	△ 30.7
Research & Development Expenses	121.0	131.1	△ 10.1
Capital Expenditures	107.0	134.1	△ 27.1
Number of Employees (at March 31)	27,500	26,902	598



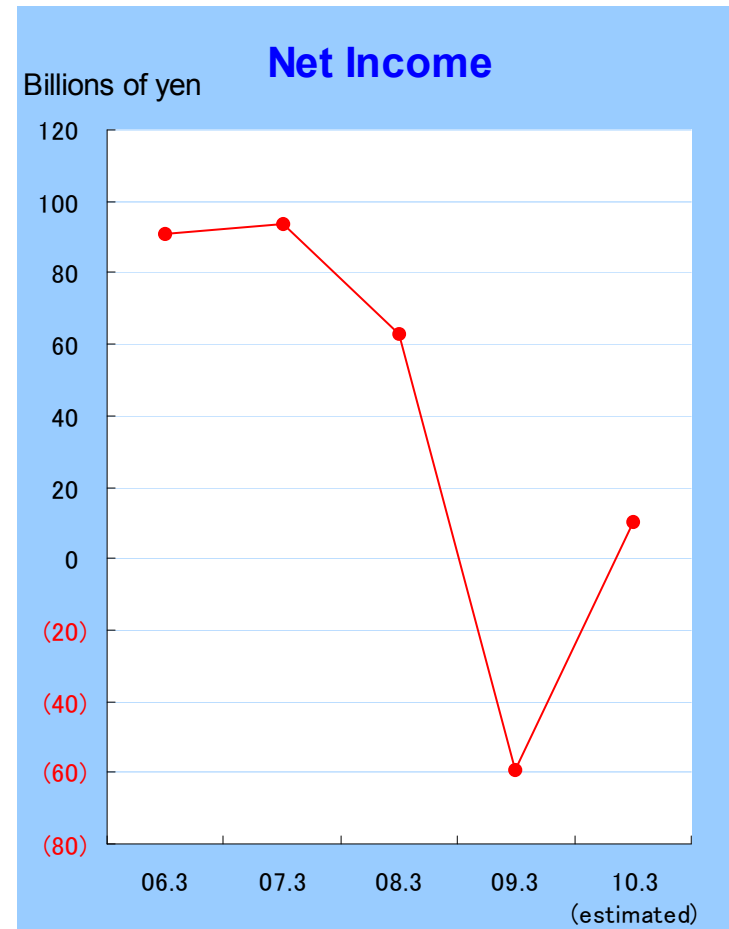
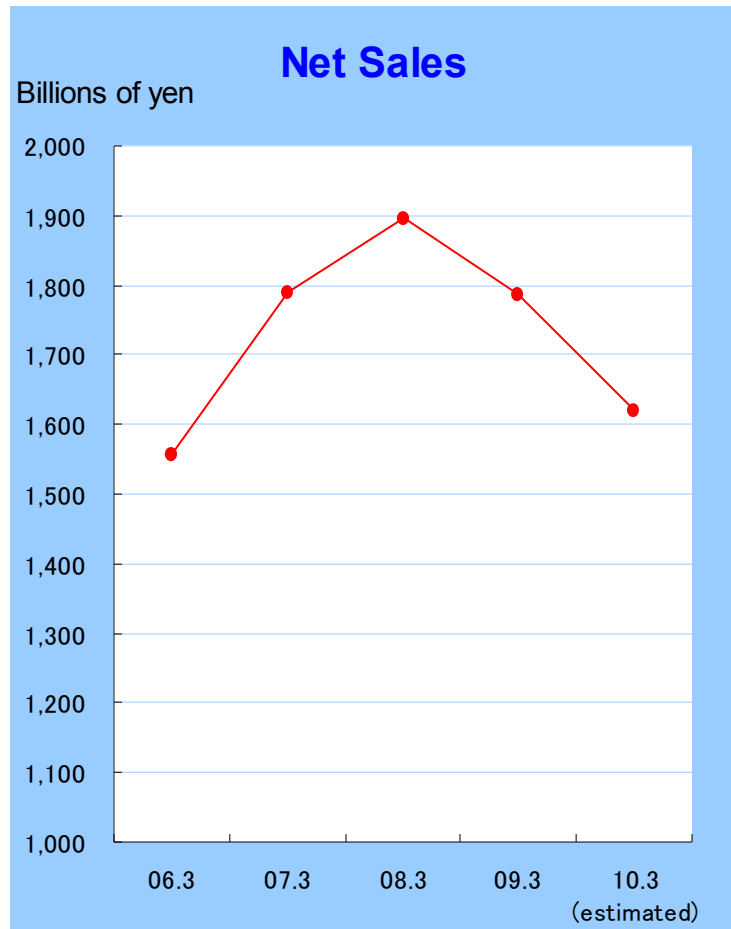
Consolidated Statements of Cash Flows

Unit; billions of yen

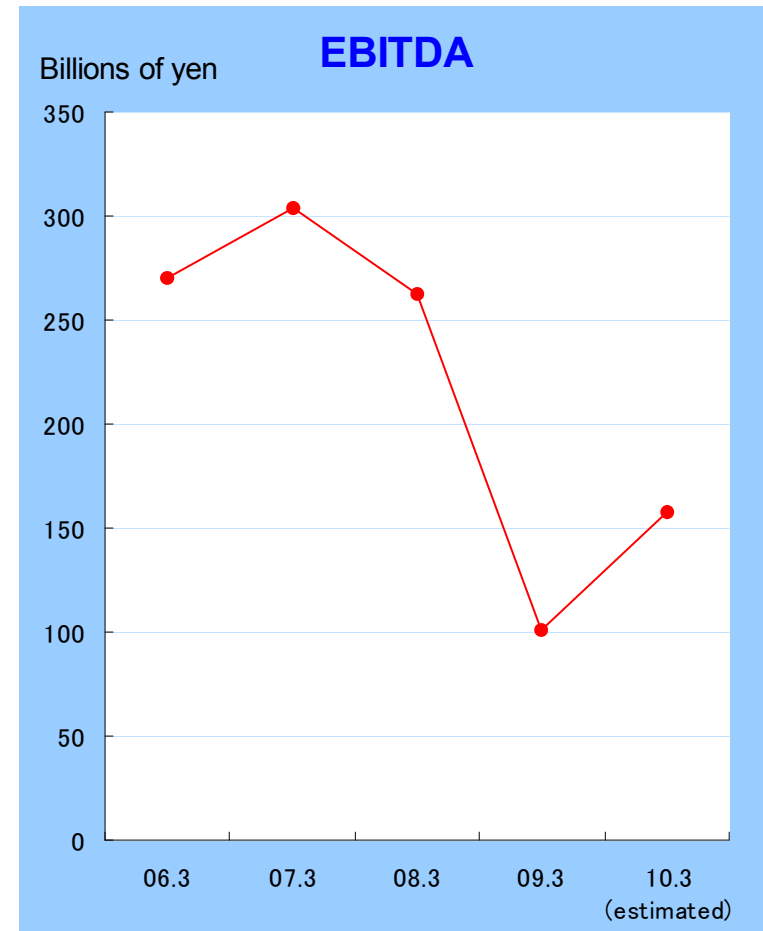
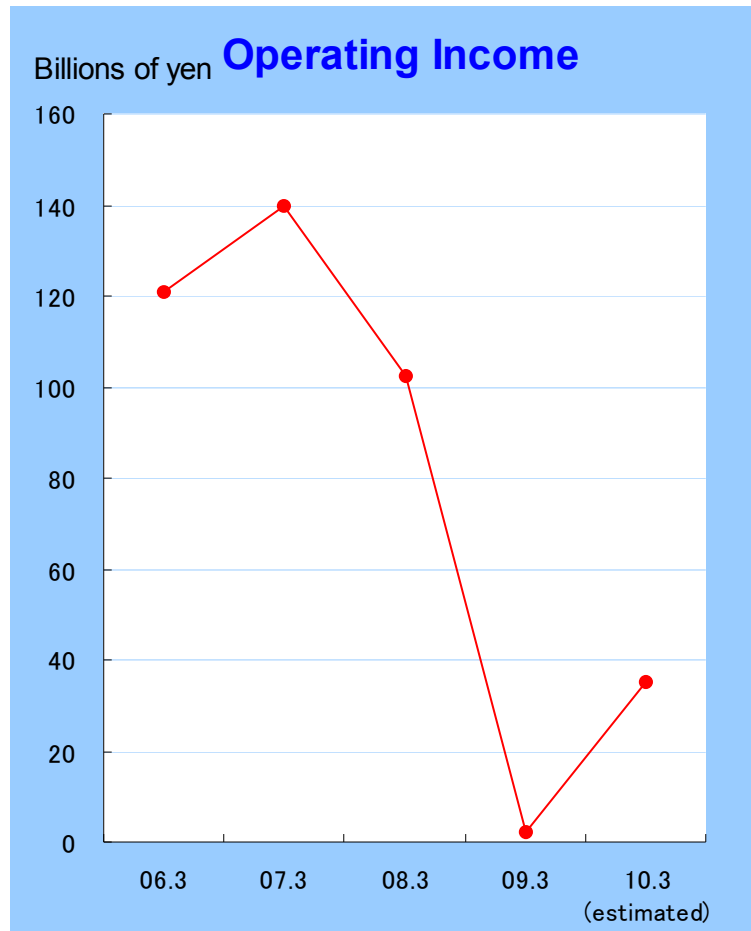
	FY2009 (estimated)	FY2008	Difference
Cash flows from operating activities	100.0	78.4	21.6
Cash flows from investing activities	△ 300.0	△ 206.2	△ 93.8
Free cash flows	△ 200.0	△ 127.8	△ 72.2
Cash flows from financing activities	200.0	112.5	87.5
Effect of exchange rate changes on cash and cash equivalents	-	△ 6.3	6.3
Net increase (decrease) in cash and cash equivalents	0	△ 21.6	21.6
Interest-Bearing Debt Balance	1,000.0	795.4	204.6

3. Financial Analysis

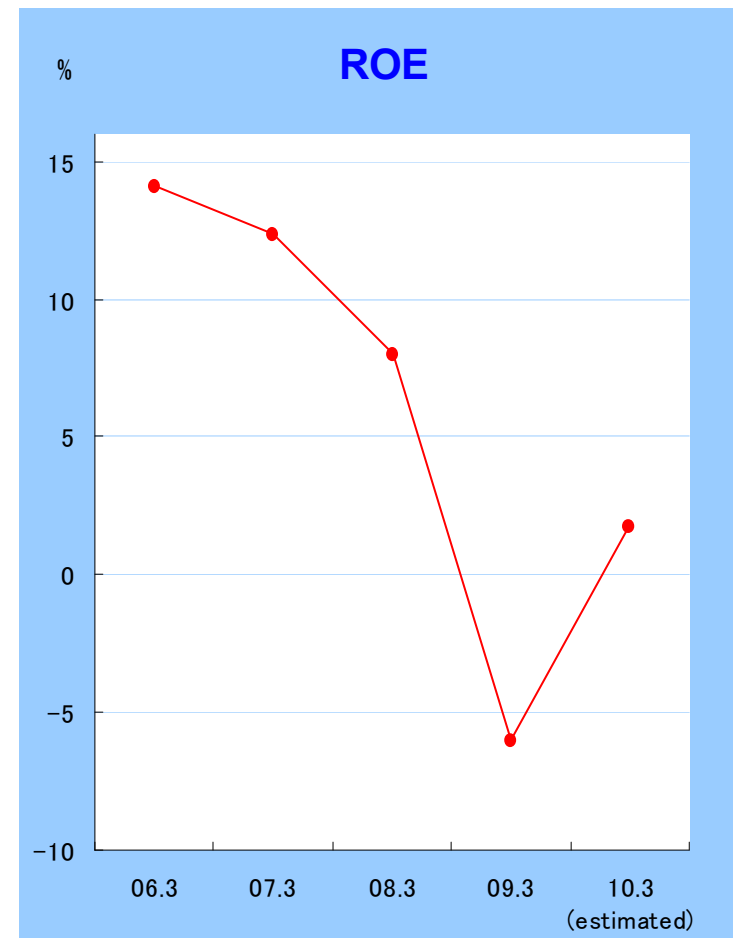
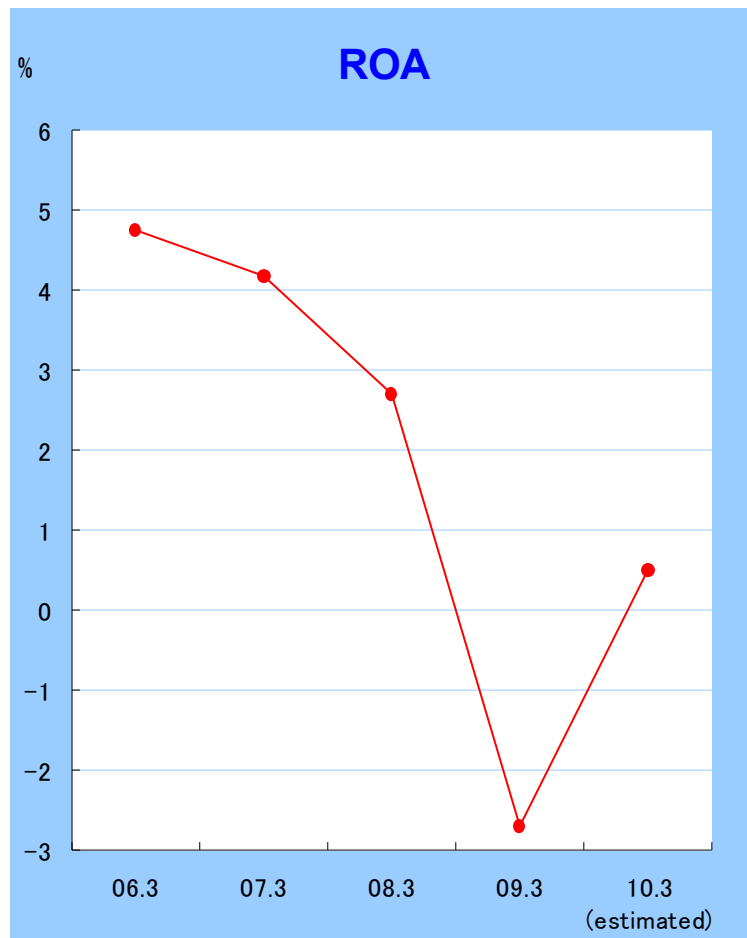
Financial Analysis - 1



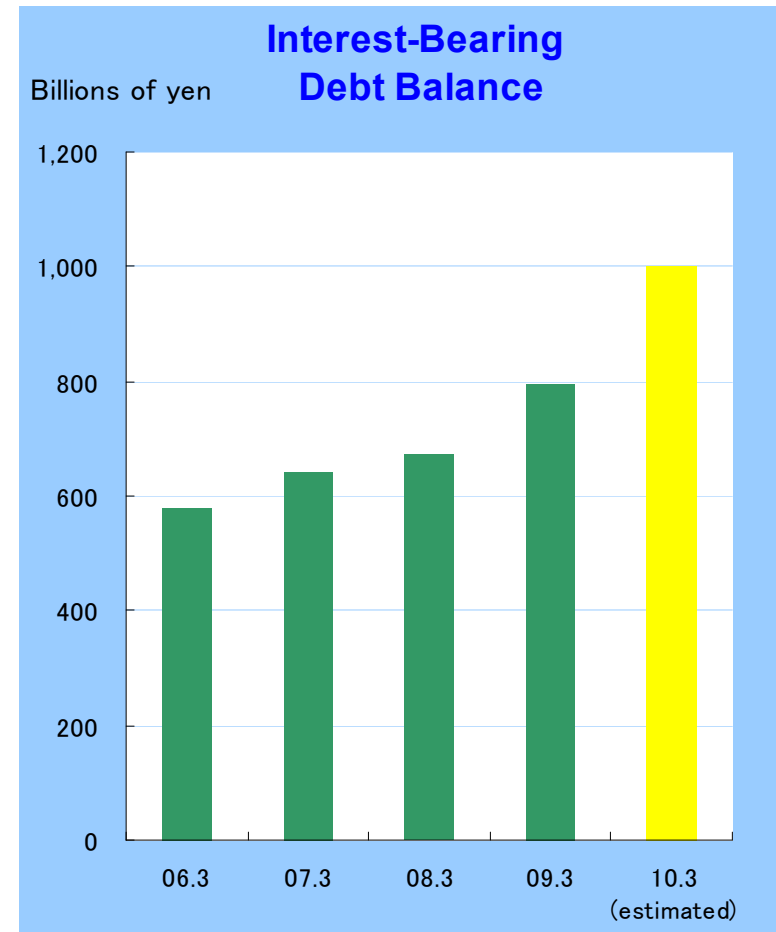
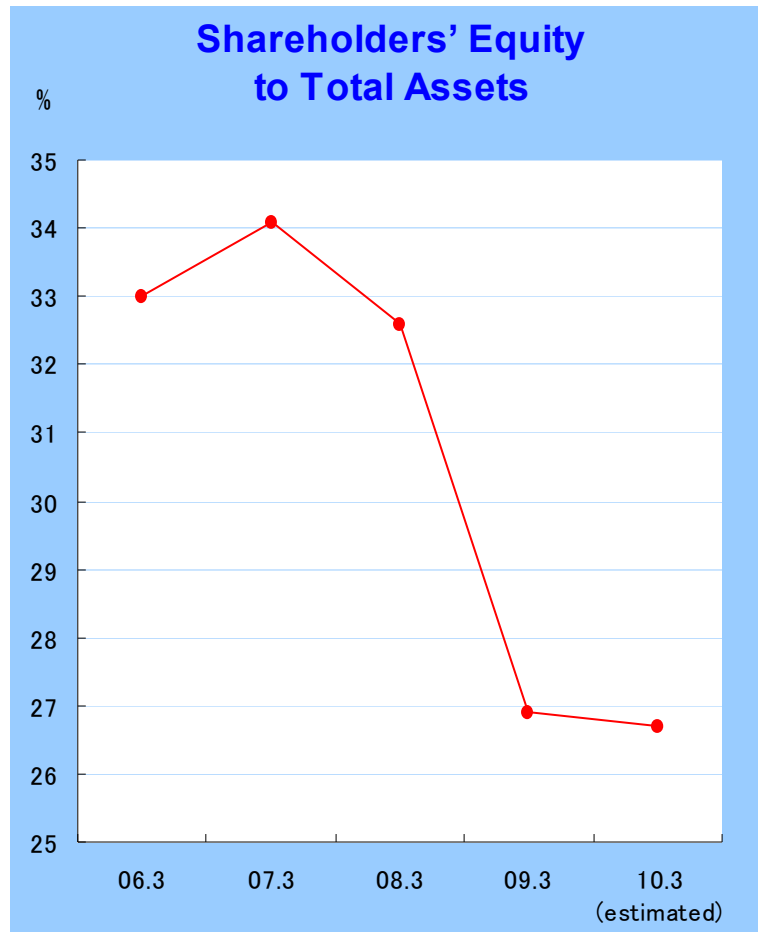
Financial Analysis - 2



Financial Analysis - 3



Financial Analysis - 4



(Reference; Segment Information)



Capital Expenditures by Business Segments

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference
Basic Chemicals	5.9	6.8	$\Delta 0.9$
Petrochemicals	5.9	7.8	$\Delta 1.9$
Fine Chemicals	4.9	3.3	1.6
IT-related Chemicals	7.7	33.3	$\Delta 25.6$
Agricultural Chemicals	4.5	4.7	$\Delta 0.1$
Pharmaceuticals	3.8	8.0	$\Delta 4.3$
Others	7.5	9.0	$\Delta 1.5$
Total	40.1	72.9	$\Delta 32.8$



Depreciation and Amortization by Business Segments

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference
Basic Chemicals	6.6	8.2	△1.6
Petrochemicals	9.3	9.3	△0.0
Fine Chemicals	2.8	2.9	△0.2
IT-related Chemicals	10.8	16.1	△5.3
Agricultural Chemicals	5.9	6.4	△0.5
Pharmaceuticals	6.7	6.9	△0.2
Others	10.3	11.6	△1.4
Total	52.3	61.5	△9.2



Research & Development Expenses by Business Segments

Unit; billions of yen

	1st Half of FY2009	1st Half of FY2008	Difference
Basic Chemicals	2.9	2.9	△0.0
Petrochemicals	5.8	5.6	0.2
Fine Chemicals	2.3	2.0	0.3
IT-related Chemicals	6.5	6.4	0.1
Agricultural Chemicals	9.0	9.7	△0.7
Pharmaceuticals	26.4	25.8	0.6
Others	3.7	4.0	△0.3
Total	56.6	56.5	0.1

Corporate R&D expenses are allocated to each business segments.



Estimated Capital Expenditures by Business Segments

Unit; billions of yen

	FY2009 (estimated)	FY2008	Difference
Basic Chemicals	15.0	14.7	0.3
Petrochemicals	16.0	17.6	△1.6
Fine Chemicals	14.0	7.7	6.3
IT-related Chemicals	14.5	50.6	△36.1
Agricultural Chemicals	21.0	11.3	9.7
Pharmaceuticals	12.0	12.7	△0.7
Others	14.5	19.6	△5.1
Total	107.0	134.1	△27.1



Estimated Depreciation and Amortization by Business Segments

Unit; billions of yen

	FY2009 (estimated)	FY2008	Difference
Basic Chemicals	14.0	17.2	△3.2
Petrochemicals	19.5	20.9	△1.4
Fine Chemicals	6.0	6.3	△0.3
IT-related Chemicals	23.5	39.8	△16.3
Agricultural Chemicals	12.5	13.1	△0.6
Pharmaceuticals	14.0	14.5	△0.5
Others	20.5	29.0	△8.5
Total	110.0	140.7	△30.7



Estimated Research & Development Expenses by Business Segments

Unit; billions of yen

	FY2009 (estimated)	FY2008	Difference
Basic Chemicals	5.5	6.4	△0.9
Petrochemicals	12.5	12.0	0.5
Fine Chemicals	4.5	4.2	0.3
IT-related Chemicals	12.5	21.2	△8.7
Agricultural Chemicals	20.5	20.7	△0.2
Pharmaceuticals	57.0	55.0	2.0
Others	8.5	11.6	△3.1
Total	121.0	131.1	△10.1

Corporate R&D expenses are allocated to each business segments.