

Summary of Consolidated Business Results for the Nine Months Ended December 31, 2017 [Japanese GAAP]

February 13, 2018

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Securities code : 4203 URL : <http://www.sumibe.co.jp/english>
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Date of the submission of Quarterly Securities Report : February 14, 2018
Date of the start of dividend payment : -
Quarterly results supplementary documents : Yes
Quarterly results briefing : Yes (For analysts and institutional investors)

(All amounts presented in million yen are rounded down to the nearest million yen.)

1. Consolidated Business Results for the Nine Months Ended December 31, 2017

(1) Consolidated financial results (% represents year-over-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 2017 - December 2017	158,281	7.1	14,229	23.1	14,701	22.2	10,566	52.0
April 2016 - December 2016	147,773	(5.8)	11,562	36.5	12,032	35.4	6,953	111.7

(Note) Comprehensive income April 2017 - December 2017: 18,074 millions of yen 78.6%, April 2016 - December 2016: 10,122 millions of yen 862.0%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April 2017 - December 2017	44.90	-
April 2016 - December 2016	29.54	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	283,254	182,455	63.8
As of March 31, 2017	263,742	167,167	62.7

(Reference) Equity (net assets less non-controlling interests) December 31, 2017 : 180,606 millions of yen, March 31, 2017 : 165,353 millions of yen

2. Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	Yen	Yen	Yen	Yen	Yen
April 2016 - March 2017	-	5.00	-	5.00	10.00
April 2017 - March 2018	-	6.00	-	-	-
April 2017 - March 2018 (Forecasts)	-	-	-	6.00	12.00

(Note) Revisions of the latest dividend forecasts: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2018

(% represents year-over-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
April 2017 - March 2018	210,000	6.0	18,000	6.6	18,400	6.2	11,500	8.3	48.87

(Note) Revisions of the latest consolidated financial forecasts: None

[Notes]

- (1) Changes in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period : None
- (2) Adoption of special accounting methods for quarterly financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
- a) Changes in accounting policies by revision of accounting standards : None
 - b) Changes in accounting policies other than a) : None
 - c) Changes in accounting estimates : None
 - d) Retrospective restatements : None

(4) Number of outstanding stocks

(Shares)

a) Number of outstanding stocks (including treasury stocks)	As of December 31, 2017	247,952,394	As of March 31, 2017	247,952,394
b) Number of treasury stocks	As of December 31, 2017	12,628,786	As of March 31, 2017	12,615,524
c) Average number of outstanding stocks during the period (excluding treasury stocks)	April 2017 - December 2017	235,331,495	April 2016 - December 2016	235,347,636

(Information on implementation status of quarterly review)

This "Summary of Consolidated Business Results" is not subject to quarterly review procedures.

(Information on appropriate use of forecasts)

The forecasts in this summary are based on information which is available to Sumitomo Bakelite Co., Ltd. at the time of preparation and definite assumptions deemed to be reasonable. The Company's intention is not to assure realization of the forecasts. Moreover, actual results may differ due to various factors.

(Information on this "Summary of Consolidated Business Results")

This "Summary of Consolidated Business Results" is extracted and translated, solely for readers' convenience, from a Japanese version which is prepared in accordance with accounting policies and practices generally accepted in Japan ("Japanese GAAP"). Japanese GAAP are different from International Financial Reporting Standards and standards in other countries in certain respects.

Quarterly consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	March 31, 2017	December 31, 2017
Assets		
Current assets		
Cash and deposits	49,733	55,413
Notes and accounts receivable-trade	42,450	47,902
Merchandise and finished goods	11,996	12,536
Semi-finished goods	4,145	4,051
Work in process	1,296	1,439
Raw materials and supplies	11,737	13,511
Others	7,138	6,362
Allowance for doubtful accounts	(55)	(59)
Total current assets	128,442	141,157
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,113	31,348
Machinery, equipment and vehicles, net	37,596	37,804
Others, net	16,776	18,854
Total property, plant and equipment	85,486	88,006
Intangible assets		
Goodwill	23,089	22,173
Others	1,647	1,558
Total intangible assets	24,737	23,731
Investments and other assets	25,075	30,357
Total non-current assets	135,299	142,096
Total assets	263,742	283,254

(Millions of yen)

	March 31, 2017	December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,258	29,460
Short-term loans payable	5,115	5,090
Current portion of long-term loans payable	3,480	3,480
Commercial paper	1,000	3,000
Income taxes payable	2,549	1,951
Provision for bonuses	2,747	1,567
Other provision	162	32
Others	10,705	11,907
Total current liabilities	54,019	56,489
Non-current liabilities		
Long-term loans payable	33,537	33,300
Net defined benefit liability	2,855	2,975
Other provision	194	194
Others	5,967	7,839
Total non-current liabilities	42,554	44,309
Total liabilities	96,574	100,798
Net assets		
Shareholders' equity		
Capital stock	37,143	37,143
Capital surplus	35,358	35,358
Retained earnings	88,801	96,779
Treasury stock	(6,741)	(6,753)
Total shareholders' equity	154,561	162,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,451	10,535
Foreign currency translation adjustments	3,879	8,093
Remeasurements of defined benefit plans	(538)	(550)
Total accumulated other comprehensive income	10,792	18,078
Non-controlling interests	1,813	1,848
Total net assets	167,167	182,455
Total liabilities and net assets	263,742	283,254

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Net sales	147,773	158,281
Cost of sales	100,929	108,316
Gross profit	46,843	49,965
Selling, general and administrative expenses	35,280	35,735
Operating income	11,562	14,229
Non-operating income		
Interest income	150	285
Dividends income	389	459
Equity in earnings of affiliates	116	29
Foreign exchange gains	27	78
Others	247	151
Total non-operating income	931	1,003
Non-operating expenses		
Interest expenses	186	198
Others	275	332
Total non-operating expenses	462	531
Ordinary income	12,032	14,701
Extraordinary income		
Gain on sales of non-current assets	4	40
Gain on sales of investment securities	252	189
Total extraordinary income	256	230
Extraordinary loss		
Loss on sales and retirement of non-current assets	227	170
Loss on sales of shares of subsidiaries	14	-
Loss on valuation of investment securities	10	88
Cost of business restructuring	1,590	93
Provision for environmental measures	110	-
Others	1	12
Total extraordinary loss	1,955	365
Profit before income taxes and non-controlling interests	10,333	14,567
Income taxes-current	2,435	2,703
Income taxes-deferred	745	1,118
Total income taxes	3,181	3,822
Profit	7,152	10,745
Profit attributable to non-controlling interests	199	178
Profit attributable to owners of parent	6,953	10,566

(Quarterly consolidated statements of comprehensive income)

	(Millions of yen)	
	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Profit	7,152	10,745
Other comprehensive income		
Valuation difference on available-for-sale securities	2,024	3,083
Foreign currency translation adjustments	1,004	4,272
Remeasurements of defined benefit plans	(14)	0
Share of other comprehensive income of associates accounted for using equity method	(44)	(26)
Total other comprehensive income	2,969	7,329
Comprehensive income	10,122	18,074
(Comprehensive income attributable to)		
Owners of parent	9,871	17,853
Non-controlling interests	251	221

Segment Information

I Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	35,391	62,919	48,922	147,232	540	147,773	-	147,773
Inter-segment	-	97	0	98	-	98	(98)	-
Total sales	35,391	63,016	48,922	147,330	540	147,871	(98)	147,773
Segment income	5,772	4,676	3,114	13,563	147	13,710	(2,147)	11,562

II Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	38,843	68,433	50,502	157,778	502	158,281	-	158,281
Inter-segment	-	116	0	116	-	116	(116)	-
Total sales	38,843	68,549	50,502	157,895	502	158,397	(116)	158,281
Segment income	7,094	5,037	4,235	16,367	167	16,535	(2,305)	14,229

Major products and services categorized in each reportable segment are as follows:

Reportable segments	Major products and services
Semiconductor materials	Epoxy resin molding compounds for encapsulation of semiconductor devices, Positive-type photosensitive coating resins for semiconductor wafers, Pastes for die bonding, Semiconductor substrate materials
High-performance plastics	Phenolic molding compounds, Phenolic resins for industrial use, Molded parts, Synthetic resin adhesive, Phenolic resin copper-clad laminates, Epoxy resin copper-clad laminates, Aerospace interior components
Quality of life products	Medical devices, Melamine resin decorative plates and sheets, Polyvinyl chloride sheets and multilayered films, Freshness preserving films, Polycarbonate resin plates, Polyvinyl chloride plates, Design and construction of sheet waterproof system, Biotechnology related products