

Summary of Consolidated Business Results for the Year Ended March 31, 2017 [Japanese GAAP]

May 15, 2017

Company name : Sumitomo Bakelite Co., Ltd. Stock exchanges : Tokyo
Securities code : 4203 URL : <http://www.sumibe.co.jp/english>
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Date of the ordinary general meeting of shareholders : June 23, 2017
 Date of the start of dividend payment : June 26, 2017
 Date of the submission of Annual Securities Report : June 23, 2017
 Annual results supplementary documents : Yes
 Annual 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 Year Ended March 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 2016 - March 2017	198,199	(4.2)	16,879	64.8	17,324	63.5	10,622	177.4
April 2015 - March 2016	206,956	(1.3)	10,241	(6.1)	10,598	(5.9)	3,828	(46.2)

(Note) Comprehensive income April 2016 - March 2017: 10,711 millions of yen - %, April 2015 - March 2016: (6,953) millions of yen - %

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
April 2016 - March 2017	45.14	-	6.6	6.6	8.5
April 2015 - March 2016	16.01	-	2.3	3.9	4.9

(Reference) Equity in earnings (losses) of affiliates April 2016 - March 2017: 127 millions of yen, April 2015 - March 2016: 247 millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	263,742	167,167	62.7	702.63
As of March 31, 2016	260,122	158,908	60.5	668.44

(Reference) Equity (net assets less minority interests) March 31, 2017 : 165,353 millions of yen March 31, 2016 : 157,319 millions of yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 2016 - March 2017	23,427	(7,987)	(10,245)	49,497
April 2015 - March 2016	19,233	(6,962)	(15,530)	44,868

2. Dividends

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend per net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total			
April 2015 - March 2016	Yen -	Yen 5.00	Yen -	Yen 5.00	Yen 10.00	Millions of yen 2,381	% 62.5	% 1.5
April 2016 - March 2017	Yen -	Yen 5.00	Yen -	Yen 5.00	Yen 10.00	2,353	22.2	1.5
April 2017 - March 2018 (Forecast)	Yen -	Yen 6.00	Yen -	Yen 6.00	Yen 12.00		24.6	

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 - September 2017	103,000	5.8	8,100	11.3	8,300	10.7	5,500	4.8	23.37
April 2017 - March 2018	210,000	6.0	18,000	6.6	18,400	6.2	11,500	8.3	48.87

[Notes]

(1) Changes in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period : None

(2) 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) : Yes
 c) Changes in accounting estimates : None
 d) Retrospective restatements : None

(3) Number of outstanding stocks

(Shares)

a) Number of outstanding stocks (including treasury stocks)	As of March 31, 2017	247,952,394	As of March 31, 2016	262,952,394
b) Number of treasury stocks	As of March 31, 2017	12,615,524	As of March 31, 2016	27,600,108
c) Average number of outstanding stocks during the period (excluding treasury stocks)	April 2016 - March 2017	235,345,463	April 2015 - March 2016	239,139,872

(Reference) Non-consolidated Business Results for the Year Ended March 31, 2017

(1) Non-consolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 2016 - March 2017	85,778	(3.2)	4,707	-	5,954	(42.1)	2,375	(59.1)
April 2015 - March 2016	88,637	(3.8)	(482)	-	10,288	13.2	5,814	(28.9)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
April 2016 - March 2017	10.09	-
April 2015 - March 2016	24.31	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	197,717	127,236	64.4	540.66
As of March 31, 2016	202,092	125,013	61.9	531.18

(Reference) Equity March 31, 2017: 127,236 millions of yen, March 31, 2016: 125,013 millions of yen

The "Summary of Consolidated Business Results" is not subject to audit.

(Information on appropriate use of forecasts)

The forecasts stated in this summary are based on information which are currently available to Sumitomo Bakelite Co., Ltd. and certain assumptions regarded to be reasonable. Since they do not guarantee future performance, there are possibilities that actual results may differ caused by 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.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	March 31, 2016	March 31, 2017
Assets		
Current assets		
Cash and deposits	44,876	49,733
Notes and accounts receivable-trade	41,783	42,450
Merchandise and finished goods	12,529	11,996
Semi-finished goods	3,754	4,145
Work in process	1,367	1,296
Raw materials and supplies	11,438	11,737
Deferred tax assets	2,469	2,599
Others	5,349	4,538
Allowance for doubtful accounts	(55)	(55)
Total current assets	123,514	128,442
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,967	31,113
Machinery, equipment and vehicles, net	39,072	37,596
Land	9,623	9,689
Construction in progress	3,534	4,199
Others, net	3,128	2,887
Total property, plant and equipment	87,325	85,486
Intangible assets		
Goodwill	24,318	23,089
Others	2,128	1,647
Total intangible assets	26,446	24,737
Investments and other assets		
Investment securities	18,379	21,630
Long-term loans receivable	4,859	2,177
Net defined benefit asset	249	419
Deferred tax assets	486	608
Others	2,378	2,371
Allowance for doubtful accounts	(3,517)	(2,132)
Total investments and other assets	22,836	25,075
Total non-current assets	136,607	135,299
Total assets	260,122	263,742

(Millions of yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,115	28,258
Short-term loans payable	4,399	5,115
Current portion of long-term loans payable	480	3,480
Commercial paper	9,000	1,000
Income taxes payable	2,870	2,549
Provision for bonuses	2,730	2,747
Provision for cost of business restructuring	1,088	162
Others	9,384	10,705
Total current liabilities	56,068	54,019
Non-current liabilities		
Long-term loans payable	37,018	33,537
Deferred tax liabilities	2,994	5,191
Net defined benefit liability	4,333	2,855
Provision for environmental measures	82	194
Others	716	775
Total non-current liabilities	45,145	42,554
Total liabilities	101,213	96,574
Net assets		
Shareholders' equity		
Capital stock	37,143	37,143
Capital surplus	35,358	35,358
Retained earnings	88,548	88,801
Treasury stock	(14,748)	(6,741)
Total shareholders' equity	146,300	154,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,206	7,451
Foreign currency translation adjustments	6,551	3,879
Remeasurements of defined benefit plans	(739)	(538)
Total accumulated other comprehensive income	11,018	10,792
Non-controlling interests	1,589	1,813
Total net assets	158,908	167,167
Total liabilities and net assets	260,122	263,742

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Net sales	206,956	198,199
Cost of sales	146,084	135,241
Gross profit	60,871	62,958
Selling, general and administrative expenses	50,630	46,078
Operating income	10,241	16,879
Non-operating income		
Interest income	241	218
Dividends income	429	454
Equity in earnings of affiliates	247	127
Foreign exchange gains	138	42
Others	214	249
Total non-operating income	1,272	1,092
Non-operating expenses		
Interest expenses	301	250
Taxes and dues	226	-
Others	387	396
Total non-operating expenses	914	647
Ordinary income	10,598	17,324
Extraordinary income		
Gain on sales of non-current assets	22	30
Gain on sales of investment securities	1,232	252
Insurance income	1,788	-
Total extraordinary income	3,042	283
Extraordinary loss		
Loss on sales and retirement of non-current assets	233	310
Loss on sales of shares of subsidiaries	-	14
Loss on valuation of investment securities	-	10
Cost of business restructuring	3,991	1,999
Provision for environmental measures	-	112
Loss on disaster	235	-
Impairment loss	1,765	691
Others	4	2
Total extraordinary loss	6,230	3,141
Income before income taxes and non-controlling interests	7,410	14,466
Income taxes-current	3,120	3,116
Income taxes-deferred	284	488
Total income taxes	3,405	3,605
Profit	4,005	10,860
Profit attributable to non-controlling interests	176	238
Profit attributable to owners of parent	3,828	10,622

(Consolidated statements of comprehensive income)

	(Millions of yen)	
	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Profit	4,005	10,860
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,440)	2,245
Foreign currency translation adjustments	(7,825)	(2,598)
Remeasurements of defined benefit plans	341	205
Share of other comprehensive income of associates accounted for using equity method	(33)	(1)
Total other comprehensive income	(10,958)	(149)
Comprehensive income	(6,953)	10,711
(Comprehensive income attributable to)		
Owners of parent	(6,990)	10,396
Non-controlling interests	37	314

(3) Consolidated statements of changes in net assets

The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	37,143	35,358	86,829	(11,949)	147,381
Changes of items during the period					
Dividends from surplus			(2,408)		(2,408)
Profit attributable to owners of parent			3,828		3,828
Purchase of treasury stock				(2,799)	(2,799)
Disposal of treasury stock		0		0	0
Retirement of treasury stock					-
Change of scope of consolidation			298		298
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	1,718	(2,799)	(1,080)
Balance at end of current period	37,143	35,358	88,548	(14,748)	146,300

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,643	14,270	(1,080)	21,833	1,734	170,949
Changes of items during the period						
Dividends from surplus						(2,408)
Profit attributable to owners of parent						3,828
Purchase of treasury stock						(2,799)
Disposal of treasury stock						0
Retirement of treasury stock						-
Change of scope of consolidation						298
Net changes of items other than shareholders' equity	(3,436)	(7,719)	340	(10,815)	(145)	(10,960)
Total changes of items during the period	(3,436)	(7,719)	340	(10,815)	(145)	(12,041)
Balance at end of current period	5,206	6,551	(739)	11,018	1,589	158,908

The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	37,143	35,358	88,548	(14,748)	146,300
Changes of items during the period					
Dividends from surplus			(2,353)		(2,353)
Profit attributable to owners of parent			10,622		10,622
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock					-
Retirement of treasury stock		(0)	(8,015)	8,015	-
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	253	8,006	8,260
Balance at end of current period	37,143	35,358	88,801	(6,741)	154,561

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,206	6,551	(739)	11,018	1,589	158,908
Changes of items during the period						
Dividends from surplus						(2,353)
Profit attributable to owners of parent						10,622
Purchase of treasury stock						(8)
Disposal of treasury stock						-
Retirement of treasury stock						-
Change of scope of consolidation						-
Net changes of items other than shareholders' equity	2,245	(2,671)	200	(225)	224	(1)
Total changes of items during the period	2,245	(2,671)	200	(225)	224	8,258
Balance at end of current period	7,451	3,879	(538)	10,792	1,813	167,167

(4) Consolidated statements of cash flows

(Millions of yen)

	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	7,410	14,466
Depreciation and amortization	10,843	10,003
Impairment loss	1,765	691
Amortization of goodwill	1,651	1,476
Increase (decrease) in net defined benefit asset and liability	1,812	(1,449)
(Gain) loss on sale or disposal of property, plant and equipment	211	279
Interest and dividend income	(671)	(672)
Interest expenses	301	250
(Gain) loss on sales of investment securities	(1,232)	(237)
(Gain) loss on devaluation of investment securities	-	10
(Increase) decrease in notes and accounts receivable	2,112	(1,269)
(Increase) decrease in inventories	894	(476)
(Increase) decrease in other current assets	(265)	296
Increase (decrease) in notes and accounts payable	(3,239)	2,593
Increase (decrease) in other current liabilities	206	(255)
Others, net	61	465
Subtotal	21,862	26,173
Interest and dividends income received	694	689
Interest paid	(305)	(243)
Income taxes paid	(3,016)	(3,191)
Net cash provided by (used in) operating activities	19,233	23,427
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,437)	(8,954)
Proceeds from sales of property, plant and equipment	112	272
Purchase of investment securities	(26)	(192)
Proceeds from sales of investment securities	2,485	379
Collection of long-term loans receivable	171	1,439
Others, net	(269)	(932)
Net cash provided by (used in) investing activities	(6,962)	(7,987)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(222)	690
Increase (decrease) in commercial papers	(9,000)	(8,000)
Proceeds from long-term loans payable	2,412	50
Repayment of long-term loans payable	(3,300)	(480)
Cash dividends paid	(2,408)	(2,353)
Purchase of treasury stock	(2,799)	(8)
Cash dividends paid to non-controlling interests	(182)	(89)
Others, net	(31)	(53)
Net cash provided by (used in) financing activities	(15,530)	(10,245)
Effect of exchange rate changes on cash and cash equivalents	(2,090)	(564)
Net increase (decrease) in cash and cash equivalents	(5,350)	4,628
Cash and cash equivalents at beginning of year	49,966	44,868
Increase (decrease) in cash and cash equivalents resulting from a change of scope of consolidation	252	-
Cash and cash equivalents at end of year	44,868	49,497

Segment Information

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 and molding dies, 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 laminates 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

I For the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	45,892	91,487	68,815	206,195	760	206,956	-	206,956
Inter-segment	-	244	0	245	-	245	(245)	-
Total sales	45,892	91,731	68,816	206,440	760	207,201	(245)	206,956
Segment income	5,796	4,696	2,916	13,408	210	13,619	(3,378)	10,241
Segment assets	59,357	116,902	65,485	241,744	1,991	243,736	16,385	260,122
Other items								
Depreciation and amortization	2,857	4,523	2,865	10,246	45	10,291	538	10,830
Amortization of goodwill	-	1,378	273	1,651	-	1,651	-	1,651
Increase in property, plant and equipment and intangible assets	1,416	4,890	2,772	9,079	10	9,089	607	9,697

II For the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	47,199	85,338	64,912	197,450	749	198,199	-	198,199
Inter-segment	-	125	0	125	-	125	(125)	-
Total sales	47,199	85,463	64,913	197,576	749	198,325	(125)	198,199
Segment income	7,756	7,159	4,466	19,382	211	19,593	(2,713)	16,879
Segment assets	64,558	115,285	64,917	244,760	1,933	246,694	17,047	263,742
Other items								
Depreciation and amortization	2,534	4,150	2,778	9,463	39	9,502	490	9,992
Amortization of goodwill	-	1,227	248	1,476	-	1,476	-	1,476
Increase in property, plant and equipment and intangible assets	1,467	5,151	3,327	9,946	10	9,957	384	10,341

(Related information)

Information about geographical areas

(Sales)

For the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

Japan	Asia		North America	Europe and others	Total
	China	Others			
84,737	31,044	41,942	29,630	19,601	206,956

For the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

Japan	Asia		North America	Europe and others	Total
	China	Others			
82,403	30,253	41,763	26,145	17,634	198,199