

Summary of Consolidated Business Results for the Six Months Ended September 30, 2018 [IFRS]

November 12, 2018

Company name : Sumitomo Bakelite Co., Ltd. Stock exchanges : Tokyo
Securities code : 4203 URL : <http://www.sumibe.co.jp/english>
Representative : Kazuhiko Fujiwara, President
Contact person : Eiji Yoshida, Manager of Corporate Communications Dept., Corporate General Affairs Div.
 TEL +81-3-5462-4111

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 Date of the start of dividend payment : December 3, 2018
 Quarterly results supplementary documents : Yes
 Quarterly results briefing : Yes (For analysts and institutional investors)

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

1. Consolidated Business Results for the Six Months Ended September 30, 2018

(1) Consolidated Financial Results

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

	Revenue		Business profit		Operating profit		Profit before tax		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 2018 - September 2018	108,339	3.3	9,501	(6.8)	9,134	(8.5)	9,645	(6.8)	6,984	(8.1)
April 2017 - September 2017	104,862	-	10,198	-	9,977	-	10,347	-	7,603	-

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
April 2018 - September 2018	148.41	-	-	-
April 2017 - September 2017	161.54	-	-	-

(Note) "Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue."

As the share consolidation of each 5 shares of common shares into 1 share was exercised effective on October 1, 2018, basic earnings per share is calculated on the assumption that the share consolidation had been exercised on April 1, 2017.

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of parent		Ratio of equity attributable to owners of parent	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	
As of September 30, 2018	282,995	180,610	180,610	178,790	178,790	63.2		
As of March 31, 2018	272,247	170,262	170,262	168,450	168,450	61.9		

2. Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	Yen	Yen	Yen	Yen	Yen
April 2017 - March 2018	-	6.00	-	6.00	12.00
April 2018 - March 2019	-	7.50	-	-	-
April 2018 - March 2019 (Forecasts)	-	-	-	37.50	-

(Note) Revisions of the latest dividend forecasts: None

As the share consolidation of each 5 shares of common shares into 1 share was exercised effective on October 1, 2018, 4th quarter-end cash dividends for the fiscal year ending March 31, 2019 (forecasts) account for the share consolidation. Assuming that the share consolidation had not been exercised, 4th quarter-end cash dividends and annual cash dividends per share for the fiscal year ending March 31, 2019 (forecasts) would be ¥7.50 and ¥15.00 respectively.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2019

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

	Revenue		Business profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
April 2018 - March 2019	220,000	3.9	20,000	3.9	14,500	(3.8)	308.10	

(Note) Revisions of the latest consolidated financial forecasts: Yes

Annual basic earnings per share for the fiscal year ending March 31, 2019 account for the share consolidation. Assuming that the share consolidation had not been exercised, annual basic earnings per share for the fiscal year ending March 31, 2019 would be ¥61.62.

[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 and changes in accounting estimates

- a) Changes in accounting policies required by IFRS : Yes
- b) Changes in accounting policies other than a) : None
- c) Changes in accounting estimates : None

(3) Number of outstanding shares

(Shares)

a) Number of outstanding shares (including treasury shares)	As of September 30, 2018	49,590,478	As of March 31, 2018	49,590,478
b) Number of treasury shares	As of September 30, 2018	2,528,310	As of March 31, 2018	2,526,719
c) Average number of outstanding shares during the period (excluding treasury shares)	April 2018 - September 2018	47,062,952	April 2017 - September 2017	47,066,772

(Note) As the share consolidation of each 5 shares of common shares into 1 share was exercised effective on October 1, 2018, number of outstanding shares, number of treasury shares, and average number of outstanding shares during the period are calculated on the assumption that the share consolidation had been exercised on April 1, 2017.

(Information on implementation status of quarterly review)

This "Summary of Consolidated Business Results" is not subject to quarterly review procedures by certificated public accountants or audit firm.

(Information on appropriate use of forecasts)

The forecasts stated in this summary are based on information which is 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 due to various factors.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	March 31, 2018	September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	56,559	58,961
Trade and other receivables	48,643	49,874
Other financial assets	579	856
Inventories	30,943	32,616
Other current assets	2,630	2,844
Total current assets	139,355	145,150
Non-current assets		
Property, plant and equipment	94,760	96,829
Goodwill	4,809	5,027
Other intangible assets	1,580	1,544
Investments accounted for using equity method	412	363
Other financial assets	27,272	30,018
Retirement benefit asset	1,633	1,736
Deferred tax assets	860	811
Other non-current assets	1,566	1,516
Total non-current assets	132,893	137,845
Total assets	272,247	282,995

(Millions of yen)

	March 31, 2018	September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	10,408	15,054
Trade and other payables	45,494	46,654
Other financial liabilities	33	104
Income taxes payable	2,478	2,230
Other current liabilities	613	570
Total current liabilities	59,027	64,612
Non-current liabilities		
Borrowings	33,286	27,341
Other financial liabilities	246	114
Retirement benefit liability	2,906	3,019
Provisions	568	583
Deferred tax liabilities	5,686	6,476
Other non-current liabilities	267	240
Total non-current liabilities	42,958	37,773
Total liabilities	101,985	102,386
Equity		
Share capital	37,143	37,143
Capital surplus	35,358	35,358
Treasury shares	(6,758)	(6,766)
Other components of equity	7,171	11,930
Retained earnings	95,536	101,125
Total equity attributable to owners of parent	168,450	178,790
Non-controlling interests	1,812	1,819
Total equity	170,262	180,610
Total liabilities and equity	272,247	282,995

(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income
(Condensed quarterly consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Revenue	104,862	108,339
Cost of sales	(71,727)	(75,780)
Gross profit	33,135	32,559
Selling, general and administrative expenses	(22,937)	(23,058)
Business profit	10,198	9,501
Other income	145	201
Other expenses	(365)	(568)
Operating profit	9,977	9,134
Finance income	459	617
Finance costs	(103)	(99)
Share of profit (loss) of investments accounted for using equity	14	(7)
Profit before tax	10,347	9,645
Income tax expenses	(2,622)	(2,547)
Profit	7,725	7,098
Profit attributable to:		
Owners of parent	7,603	6,984
Non-controlling interests	121	113
Profit	7,725	7,098
Earnings per share		
Basic earnings per share (Yen)	161.54	148.41
Diluted earnings per share (Yen)	—	—

(Condensed quarterly consolidated statements of comprehensive income)

	(Millions of yen)	
	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Profit	7,725	7,098
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,845	1,141
Remeasurements of defined benefit plans	62	-
Share of other comprehensive income of investments accounted for using equity method	(12)	(2)
Total items that will not be reclassified to profit or loss	1,894	1,139
Items that may be reclassified to profit or loss		
Cash flow hedges	45	21
Exchange differences on translation of foreign operations	3,231	3,698
Share of other comprehensive income of investments accounted for using equity method	(15)	(34)
Total items that may be reclassified to profit or loss	3,261	3,685
Other comprehensive income, net of tax	5,155	4,824
Comprehensive income	12,880	11,922
Comprehensive income attributable to:		
Owners of parent	12,752	11,761
Non-controlling interests	128	161
Comprehensive income	12,880	11,922

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

(Millions of yen)

	Total equity attributable to owners of parent								Non-controlling interests	Total equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity						Total
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations			
Balance at beginning of current period	37,143	35,358	(6,742)	82,352	9,164	-	(368)	(2,685)	6,110	1,815	156,037
Profit	-	-	-	7,603	-	-	-	-	-	121	7,725
Other comprehensive income	-	-	-	-	1,845	49	45	3,209	5,149	7	5,155
Comprehensive income	-	-	-	7,603	1,845	49	45	3,209	5,149	128	12,880
Dividends from surplus	-	-	-	(1,177)	-	-	-	-	-	(180)	(1,357)
Purchase of treasury shares	-	-	(6)	-	-	-	-	-	-	-	(6)
Transfer from other components of equity to retained earnings	-	-	-	(12)	61	(49)	-	-	12	-	-
Total transactions with owners	-	-	(6)	(1,189)	61	(49)	-	-	12	(180)	(1,363)
Balance at end of current period	37,143	35,358	(6,748)	88,766	11,070	-	(323)	524	11,271	1,764	167,554

For the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(Millions of yen)

	Total equity attributable to owners of parent								Non-controlling interests	Total equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity						Total
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations			
Balance at beginning of current period	37,143	35,358	(6,758)	95,536	10,734	-	(242)	(3,321)	7,171	1,812	170,262
Profit	-	-	-	6,984	-	-	-	-	-	113	7,098
Other comprehensive income	-	-	-	-	1,141	(2)	21	3,616	4,776	48	4,824
Comprehensive income	-	-	-	6,984	1,141	(2)	21	3,616	4,776	161	11,922
Dividends from surplus	-	-	-	(1,412)	-	-	-	-	-	(154)	(1,566)
Purchase of treasury shares	-	-	(8)	-	-	-	-	-	-	-	(8)
Transfer from other components of equity to retained earnings	-	-	-	17	(19)	2	-	-	(17)	-	-
Total transactions with owners	-	-	(8)	(1,395)	(19)	2	-	-	(17)	(154)	(1,574)
Balance at end of current period	37,143	35,358	(6,766)	101,125	11,856	-	(221)	295	11,930	1,819	180,610

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before tax	10,347	9,645
Depreciation and amortization	4,867	5,009
Interest and dividend income	(410)	(612)
Interest expenses	103	99
Decrease (increase) in trade and other receivables	(3,847)	(463)
Increase (decrease) in trade and other payables	97	(698)
Decrease (increase) in inventories	(152)	(967)
Others, net	(42)	(147)
Subtotal	10,963	11,865
Interest received	162	322
Dividends received	261	296
Interest paid	(105)	(99)
Income taxes paid	(1,797)	(2,044)
Net cash provided by (used in) operating activities	9,484	10,340
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,891)	(5,156)
Proceeds from sale of property, plant and equipment	61	184
Purchase of investment securities	(109)	(348)
Proceed from sale of investment securities	3	34
Others, net	(565)	(568)
Net cash provided by (used in) investing activities	(5,501)	(5,854)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(14)	80
Increase (decrease) in commercial papers	1,000	(2,000)
Repayment of long-term borrowings	(240)	(241)
Dividends paid	(1,177)	(1,412)
Dividends paid to non-controlling interests	(180)	(154)
Others, net	(30)	(26)
Net cash provided by (used in) financing activities	(641)	(3,753)
Effect of exchange rate changes on cash and cash equivalents	906	1,668
Net increase (decrease) in cash and cash equivalents	4,249	2,401
Cash and cash equivalents at beginning of period	49,498	56,559
Cash and cash equivalents at end of period	53,747	58,961

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

For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	25,657	45,651	33,225	328	104,862	-	104,862
Intersegment	-	69	0	-	69	(69)	-
Total revenue	25,657	45,720	33,225	328	104,931	(69)	104,862
Segment profit (Business profit)	4,637	4,124	2,801	113	11,674	(1,476)	10,198

For the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	26,127	47,712	34,142	358	108,339	-	108,339
Intersegment	-	82	0	-	83	(83)	-
Total revenue	26,127	47,794	34,142	358	108,422	(83)	108,339
Segment profit (business profit)	4,846	3,591	2,463	98	10,997	(1,496)	9,501

Reconciliation from "Segment profit" to "Profit before tax"

	For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	For the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Segment profit	10,198	9,501
Other income	145	201
Other expenses	(365)	(568)
Operating profit	9,977	9,134
Finance income	459	617
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