

Summary of Consolidated Business Results for the Three Months Ended June 30, 2020 [IFRS]

August 6, 2020

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 : Katsuhisa Shiramoto, Manager of Corporate Communications Dept., Corporate General Affairs Div.	
TEL +81-3-5462-4111	
Date of the submission of Quarterly Securities Report : August 7, 2020	
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 to the nearest million yen.)

1. Consolidated Business Results for The Three Months ended June 30, 2020

(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 2020 - June 2020	43,681	(16.5)	2,380	(45.7)	1,855	(57.8)	2,417	(50.5)	1,854	(52.9)
April 2019 - June 2019	52,320	(3.9)	4,380	(17.2)	4,397	(16.0)	4,880	(12.6)	3,935	(3.6)
	Basic earnings per share		Diluted earnings per share							
	Yen		Yen							
April 2020 - June 2020	39.40		-							
April 2019 - June 2019	83.63		-							

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

(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	%
As of June 30, 2020	284,816	180,005	178,053	62.5
As of March 31, 2020	283,322	179,154	177,138	62.5

2. Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	Yen	Yen	Yen	Yen	Yen
April 2019 - March 2020	-	45.00	-	30.00	75.00
April 2020 - March 2021	-				
April 2020 - March 2021 (Forecasts)		30.00	-	30.00	60.00

(Note) Revisions of the latest dividend forecasts: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2021

(% 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 2020 - March 2021	183,000	(11.4)	10,000	(30.3)	7,400	(17.7)	157.25

(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) Changes in accounting policies and changes in accounting estimates

- a) Changes in accounting policies required by IFRS : None
- 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 June 30, 2020	49,590,478	As of March 31, 2020	49,590,478
b) Number of treasury shares	As of June 30, 2020	2,531,698	As of March 31, 2020	2,531,481
c) Average number of outstanding shares during the period (excluding treasury shares)	April 2020 - June 2020	47,058,909	April 2019 - June 2019	47,060,175

(Information on implementation status of quarterly review)

This "Summary of Consolidated Business Results" is not subject to quarterly review procedures by certified 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, 2020	June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	65,771	70,814
Trade and other receivables	44,828	40,166
Other financial assets	38	42
Inventories	36,478	37,029
Other current assets	3,417	3,575
Total current assets	150,533	151,627
Non-current assets		
Property, plant and equipment	90,388	89,441
Right-of-use assets	3,944	3,767
Goodwill	2,205	2,208
Other intangible assets	2,534	2,550
Investments accounted for using equity method	9,203	9,128
Other financial assets	21,264	22,713
Retirement benefit asset	1,094	1,040
Deferred tax assets	1,553	1,510
Other non-current assets	604	832
Total non-current assets	132,790	133,189
Total assets	283,322	284,816

(Millions of yen)

	March 31, 2020	June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	24,368	28,923
Trade and other payables	42,892	38,841
Other financial liabilities	1,013	978
Income taxes payable	1,710	1,557
Provisions	1,008	1,265
Other current liabilities	689	329
Total current liabilities	71,680	71,892
Non-current liabilities		
Borrowings	21,256	21,175
Other financial liabilities	2,026	1,965
Retirement benefit liability	2,719	2,791
Provisions	550	547
Deferred tax liabilities	5,726	6,228
Other non-current liabilities	212	212
Total non-current liabilities	32,489	32,918
Total liabilities	104,168	104,810
Equity		
Share capital	37,143	37,143
Capital surplus	35,359	35,359
Treasury shares	(6,780)	(6,781)
Other components of equity	449	934
Retained earnings	110,967	111,397
Total equity attributable to owners of parent	177,138	178,053
Non-controlling interests	2,016	1,952
Total equity	179,154	180,005
Total liabilities and equity	283,322	284,816

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

(Millions of yen)

	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Revenue	52,320	43,681
Cost of sales	(36,352)	(30,936)
Gross profit	15,968	12,745
Selling, general and administrative expenses	(11,588)	(10,365)
Business profit	4,380	2,380
Other income	109	43
Other expenses	(92)	(568)
Operating profit	4,397	1,855
Finance income	521	536
Finance costs	(116)	(63)
Share of profit (loss) of investments accounted for using equity method	77	88
Profit before tax	4,880	2,417
Income tax expenses	(931)	(550)
Profit	3,949	1,867
Profit attributable to:		
Owners of parent	3,935	1,854
Non-controlling interests	13	13
Profit	3,949	1,867
Earnings per share		
Basic earnings per share (Yen)	83.63	39.40
Diluted earnings per share (Yen)	-	-

(Condensed quarterly consolidated statements of comprehensive income)

	(Millions of yen)	
	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Profit	3,949	1,867
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,115)	1,000
Remeasurements of defined benefit plans	(0)	2
Share of other comprehensive income of investments accounted for using equity method	61	19
Total items that will not be reclassified to profit or loss	(1,054)	1,021
Items that may be reclassified to profit or loss		
Cash flow hedges	(15)	36
Exchange differences on translation of foreign operations	(3,704)	(433)
Share of other comprehensive income of investments accounted for using equity method	(20)	(130)
Total items that may be reclassified to profit or loss	(3,738)	(528)
Other comprehensive income, net of tax	(4,792)	493
Comprehensive income	(844)	2,360
Comprehensive income attributable to:		
Owners of parent	(794)	2,327
Non-controlling interests	(50)	33
Comprehensive income	(844)	2,360

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

(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	35,359	(6,775)	106,399	9,362	-	(239)	(2,431)	6,692	1,816	180,635
Profit	-	-	-	3,935	-	-	-	-	-	13	3,949
Other comprehensive income	-	-	-	-	(1,057)	3	(15)	(3,661)	(4,729)	(63)	(4,792)
Comprehensive income	-	-	-	3,935	(1,057)	3	(15)	(3,661)	(4,729)	(50)	(844)
Dividends from surplus	-	-	-	(1,765)	-	-	-	-	-	(125)	(1,889)
Purchase of treasury shares	-	-	(1)	-	-	-	-	-	-	-	(1)
Change due to new consolidation of subsidiaries	-	-	-	-	-	-	-	-	-	352	352
Transfer from other components of equity to retained earnings	-	-	-	(310)	313	(3)	-	-	310	-	-
Total transactions with owners	-	-	(1)	(2,075)	313	(3)	-	-	310	227	(1,538)
Balance at end of current period	37,143	35,359	(6,776)	108,259	8,618	-	(254)	(6,092)	2,273	1,994	178,253

For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

(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	35,359	(6,780)	110,967	7,222	-	(203)	(6,570)	449	2,016	179,154
Profit	-	-	-	1,854	-	-	-	-	-	13	1,867
Other comprehensive income	-	-	-	-	1,033	(12)	36	(583)	473	19	493
Comprehensive income	-	-	-	1,854	1,033	(12)	36	(583)	473	33	2,360
Dividends from surplus	-	-	-	(1,412)	-	-	-	-	-	(96)	(1,508)
Purchase of treasury shares	-	-	(1)	-	-	-	-	-	-	-	(1)
Change due to new consolidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(12)	-	12	-	-	12	-	-
Total transactions with owners	-	-	(1)	(1,424)	-	12	-	-	12	(96)	(1,509)
Balance at end of current period	37,143	35,359	(6,781)	111,397	8,254	-	(167)	(7,153)	934	1,952	180,005

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Profit before tax	4,880	2,417
Depreciation and amortization	2,757	2,796
Interest and dividend income	(521)	(408)
Interest expenses	81	63
Decrease (increase) in trade and other receivables	(730)	4,585
Increase (decrease) in trade and other payables	(2,223)	(3,994)
Decrease (increase) in inventories	(461)	(616)
Others, net	15	(12)
Subtotal	3,798	4,831
Interest received	218	138
Dividends received	340	345
Interest paid	(60)	(43)
Income taxes paid	(613)	(760)
Net cash provided by (used in) operating activities	3,684	4,511
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,929)	(1,824)
Proceeds from sale of property, plant and equipment	19	175
Purchase of investment securities	(4)	(4)
Proceeds from sale of investment securities	96	-
Others, net	460	(351)
Net cash provided by (used in) investing activities	(2,358)	(2,003)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	102	59
Increase (decrease) in commercial papers	4,000	4,500
Repayments of lease liabilities	(195)	(230)
Dividends paid	(1,765)	(1,412)
Dividends paid to non-controlling interests	(125)	(96)
Others, net	(1)	(1)
Net cash provided by (used in) financing activities	2,017	2,820
Effect of exchange rate changes on cash and cash equivalents	(1,589)	(285)
Net increase (decrease) in cash and cash equivalents	1,753	5,043
Cash and cash equivalents at beginning of period	59,640	65,771
Cash and cash equivalents at end of period	61,393	70,814

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 three month ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	12,081	22,116	17,963	160	52,320	-	52,320
Intersegment	-	30	0	-	30	(30)	-
Total revenue	12,081	22,146	17,964	160	52,350	(30)	52,320
Segment profit (loss)	2,018	1,520	1,591	27	5,156	(776)	4,380

(Note) "Segment profit (loss)" is "Business Profit" which is defined as "Revenue" less "Cost of sales" and "Selling, general and administrative expenses".

For the three month ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	12,623	14,629	16,304	125	43,681	-	43,681
Intersegment	-	36	0	-	36	(36)	-
Total revenue	12,623	14,665	16,305	125	43,717	(36)	43,681
Segment profit (loss)	2,016	(346)	1,434	(9)	3,095	(715)	2,380

(Note) "Segment profit (loss)" is "Business Profit" which is defined as "Revenue" less "Cost of sales" and "Selling, general and administrative expenses".

Reconciliation from "Segment profit (loss)" to "Profit before tax"

	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Segment profit (loss)	4,380	2,380
Other income	109	43
Other expenses	(92)	(568)
Operating profit	4,397	1,855
Finance income	521	536
Finance costs	(116)	(63)
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