
FY2014 Financial Results and Business Plan

May 2015

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President

 **SUMITOMO BAKELITE CO., LTD.**

Financial Results of FY2014 (ended March 2015)

[Billion yen]

Item \ Term	FY 2013 Actual (1)	FY 2014 Actual (2)	Increase/Decrease	
			(2) - (1)	Ratio
Net sales	206.0	209.7	3.6	1.8%
Operating income	10.7	10.9	0.2	1.9
Ordinary income	11.5	11.3	-0.2	-2.0
Net income	6.5	7.1	0.6	9.5

Extraordinary profit and loss

FY 2013: (-)1.0 billion yen

loss on retirement of fixed assets (-)0.4 billion yen, impairment loss (-)0.2 billion yen

FY 2014: +0.1 billion yen

gain on retirement of fixed assets +1.4 billion yen, loss on retirement of fixed assets (-)0.5 billion yen,
cost of business restructuring (-)0.3 billion yen

Financial Results of FY2014 (ended March 2015)

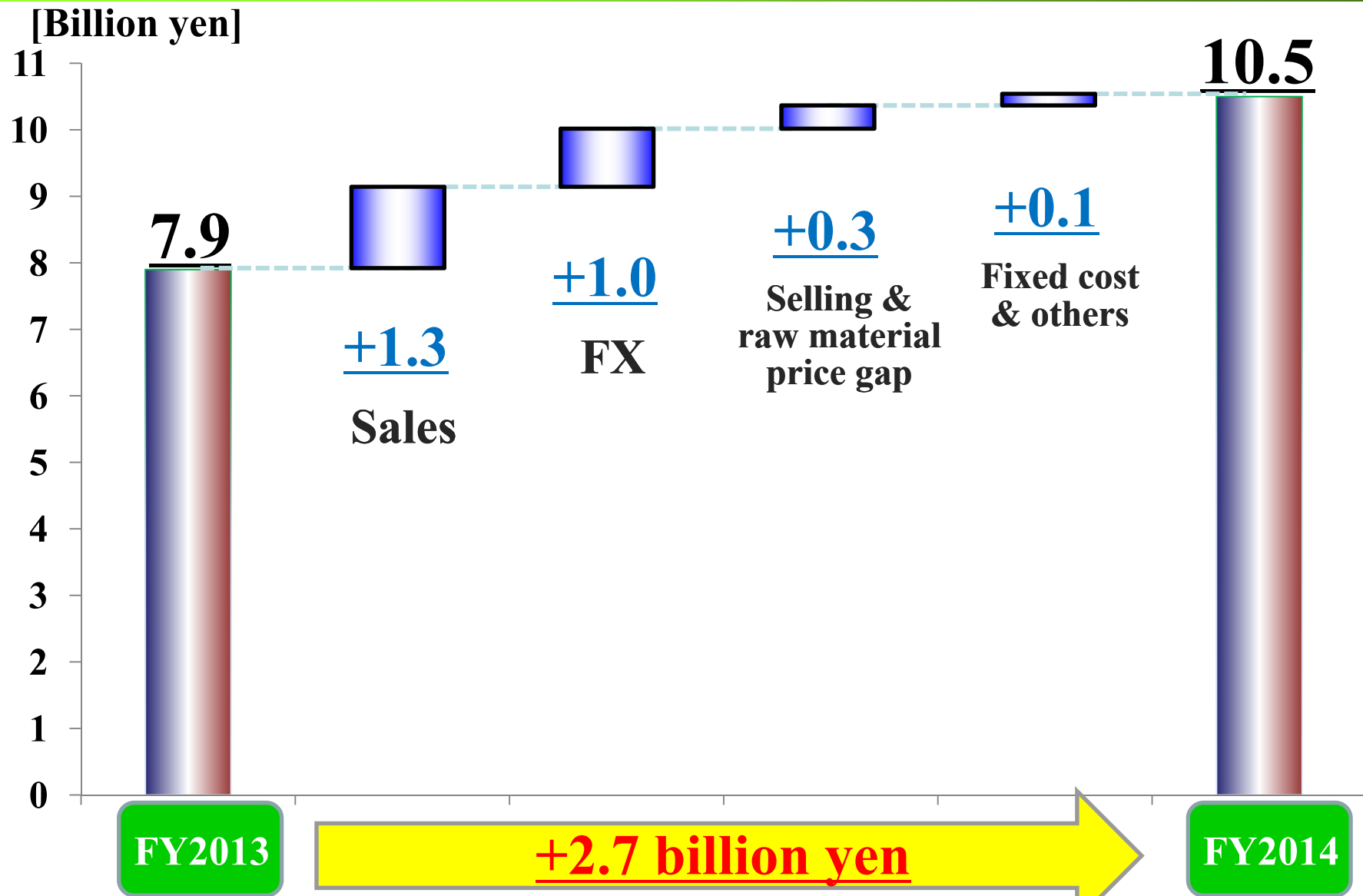
[Billion yen]

Item	Term	FY 2013 Actual (1)	FY 2014 Actual (2)	Increase/Decrease	
				(2) - (1)	Ratio
Net sales		206.0	209.7	3.6	1.8%
Impact of financial year-end-date change*1		16.5		-16.5	*****
Adjusted net sales		189.6	209.7	20.1	10.6
Operating income		10.7	10.9	0.2	1.9
Actuarial differences*2		1.5	0.4	-1.1	*****
Impact of financial year-end-date change*1		1.4		-1.4	*****
Adjusted op. income		7.9	10.5	2.7	33.9
Ordinary income		11.5	11.3	-0.2	-2.0
Actuarial differences*2		1.5	0.4	-1.1	*****
Impact of financial year-end-date change*1		1.5		-1.5	*****
Adjusted ord. income		8.6	10.9	2.3	27.2
Net income		6.5	7.1	0.6	9.5
Actuarial differences*2		0.9	0.3	-0.7	*****
Impact of financial year-end-date change*1		1.0		-1.0	*****
Adjusted net income		4.6	6.9	2.3	49.8

*1 Impact of financial year-end-date change: the effect of the financial year-end-date change at some of our consolidated subsidiaries

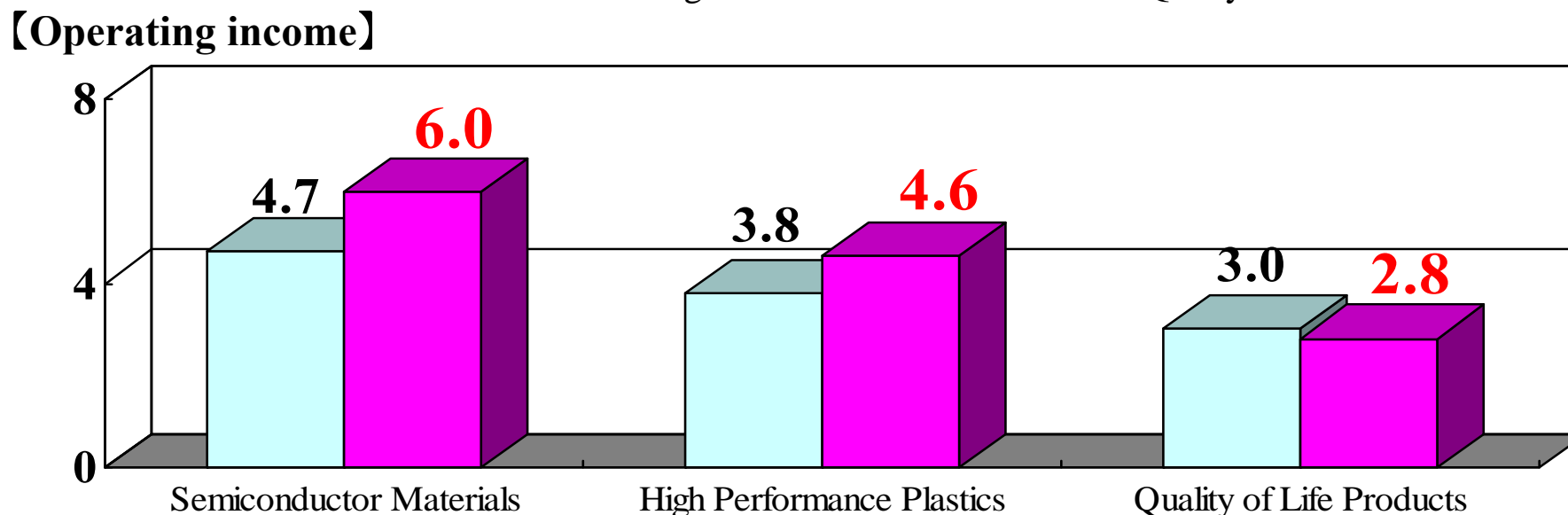
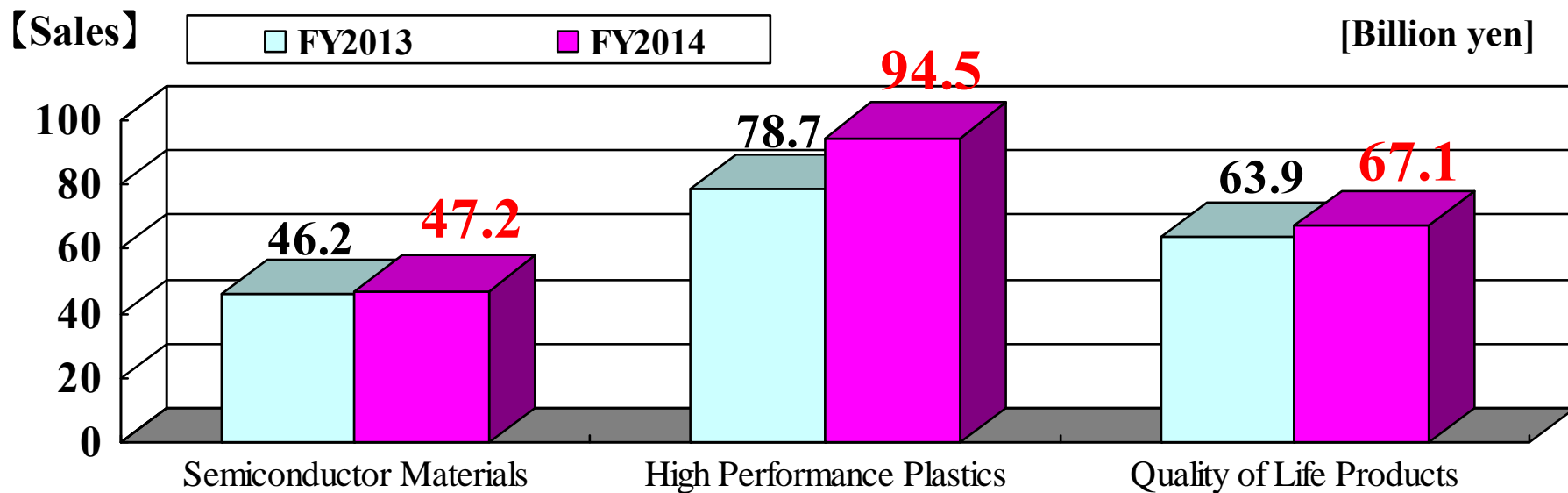
*2 Actuarial differences: actuarial differences of retirement benefit accounting

Analysis of Operating Income (Y/Y)



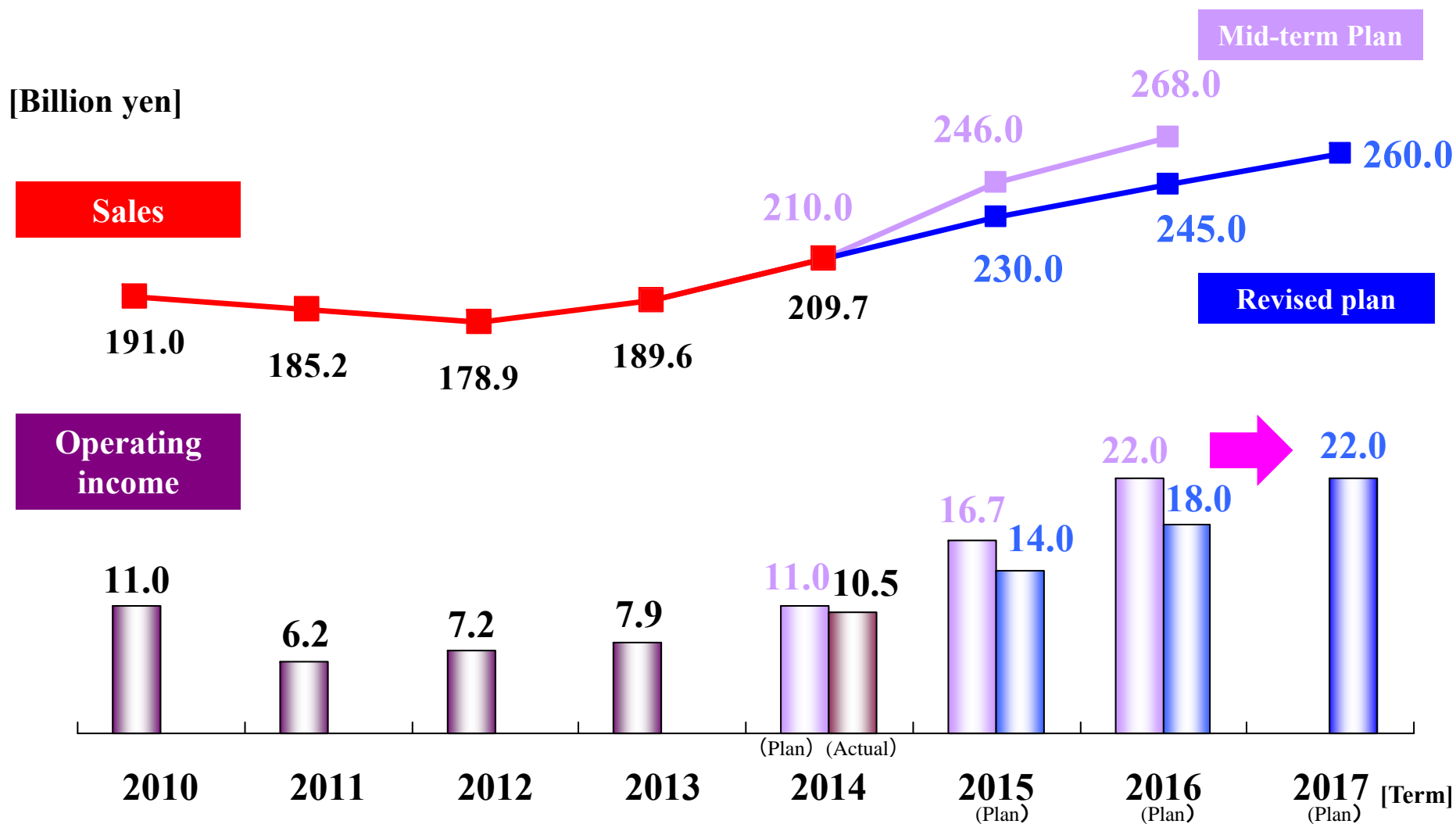
*Exclusive of actuarial differences of retirement benefit accounting and the effect of the financial year-end-date change at some of our consolidated subsidiaries

Sales and Profit by Business Segment



*Exclusive of actuarial differences of retirement benefit accounting and the effect of the financial year-end-date change at some of our consolidated subsidiaries

Progress of Mid-term Business Plan (FY2014-FY2016)

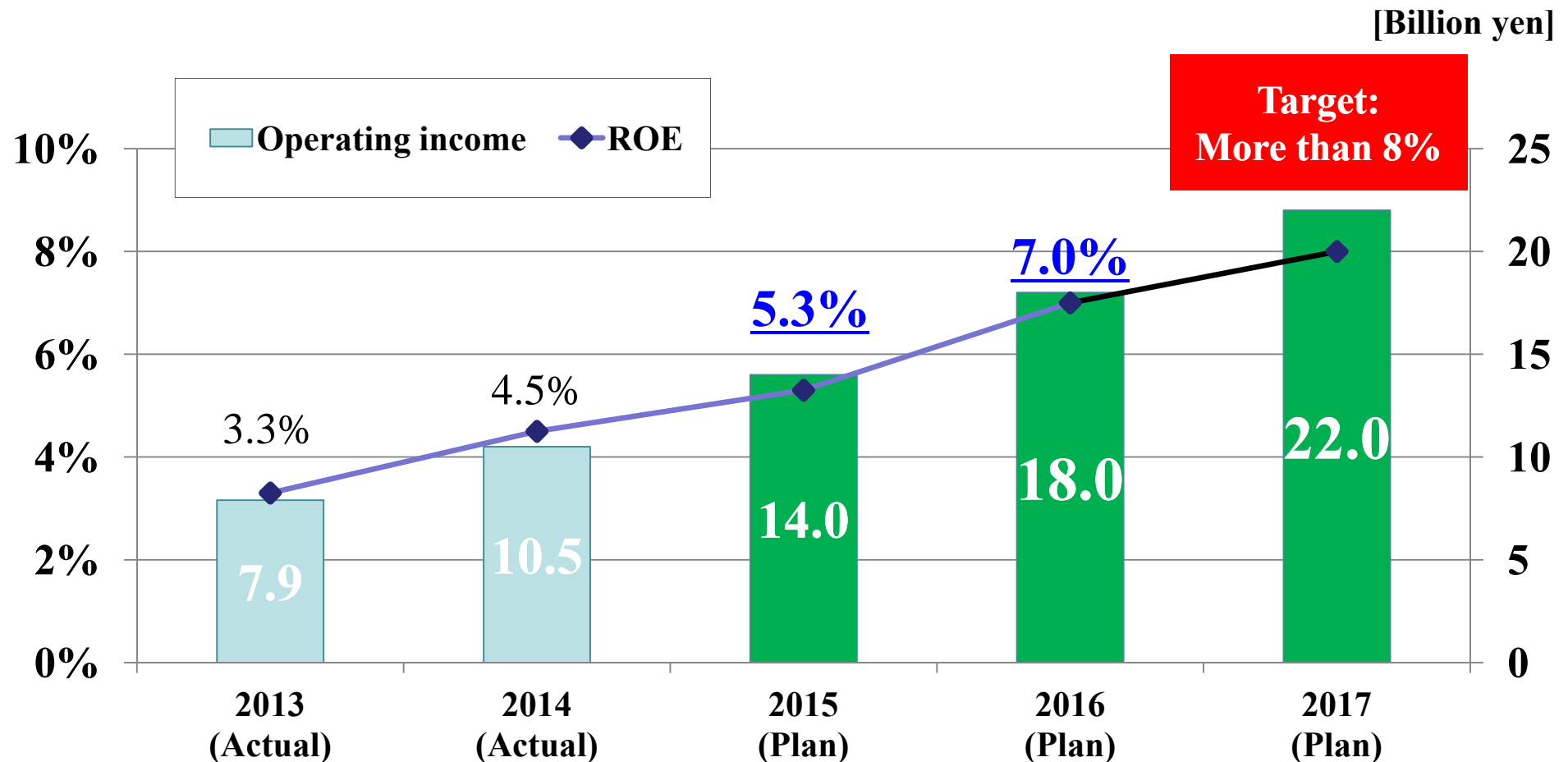


*Exclusive of actuarial differences of retirement benefit accounting and the effect of the financial year-end-date change at some of our consolidated subsidiaries

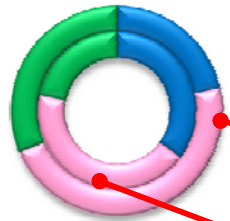
Toward 8% of ROE

Return on Equity (ROE)

Basic policy: “**Maximisation of net income**”



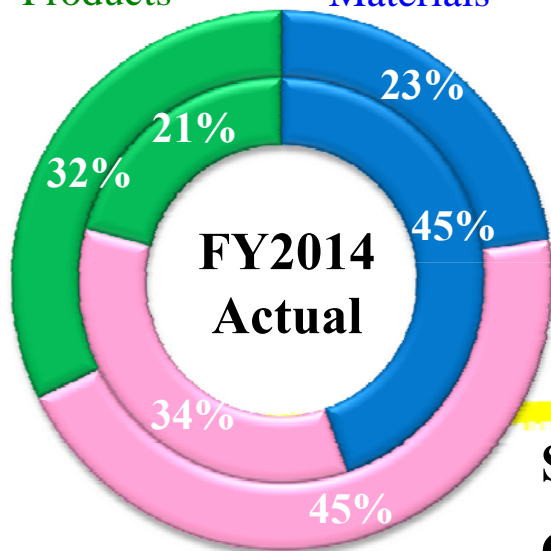
Toward 8% of ROE (Business Portfolio)



Outer: Sales

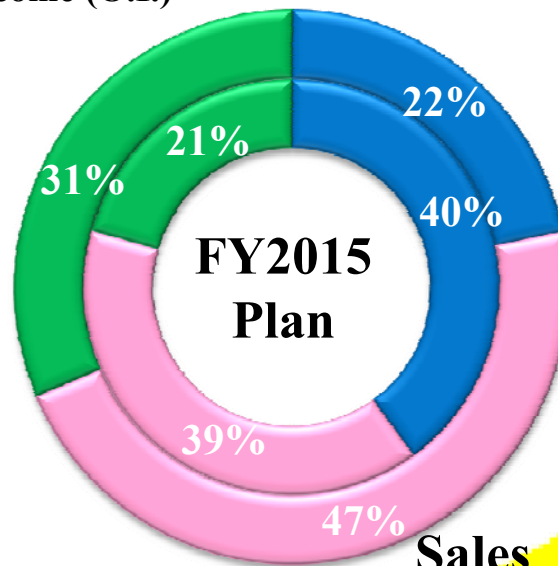
Inner: Operating Income (O.I.)

Quality of Life Products Semiconductor Materials



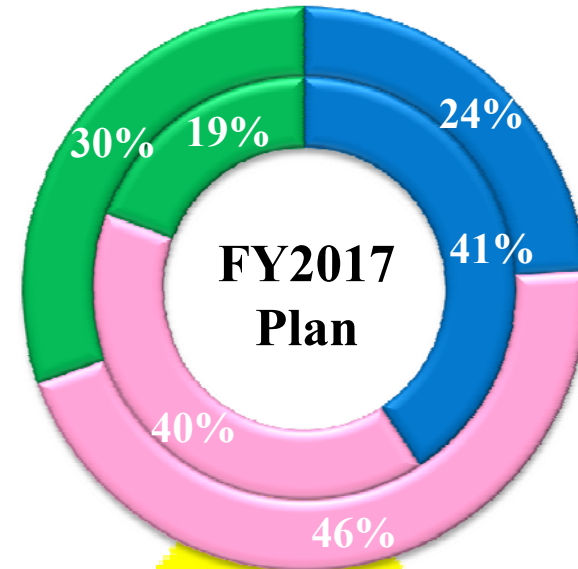
Sales **209.7 Billion yen**

O.I. **10.5 Billion yen**



Sales **230 Billion yen**

O.I. **14 Billion yen**



Sales **260 Billion yen**

O.I. **22 Billion yen**

Financial Outlook for FY2015 (ending March 2016)

[Billion yen]

Item	Term	FY 2014 Actual (1)	FY 2015 Forecast (2)	Increase/Decrease	
				(2) - (1)	Ratio (%)
Net Sales		209.7	230.0	20.3	9.7%
Operating income		10.9	14.0	3.1	28.4%
Actuarial differences		0.4		-0.4	*****
Adjusted op. income		10.5	14.0	3.5	33.0%
Ordinary income		11.3	14.3	3.0	27.0%
Actuarial differences		0.4		-0.4	*****
Adjusted ord. income		10.9	14.3	3.4	31.3%
Net income		7.1	9.2	2.1	29.3%
Actuarial differences		0.3		-0.3	*****
Adjusted net income		6.9	9.2	2.3	34.1%

* Actuarial differences: actuarial differences of retirement benefit accounting

FOREX: FY2014 ¥110/USD • ¥139/EUR, FY2015 ¥120/USD • ¥130/EUR

Basic Policy of Mid-term Business Plan

”Cooperation” ”CS First”

more cooperation & collaboration in house
and with outside partners

«Basic strategies»

- * New growth of existing domestic businesses and change of business model
- * Increase of scale and profitability of overseas business
- * New business start-up, Creation
 - * **Business expansion through M&A and collaboration**

«Numerical targets for FY2017»

- * **Operating income 22 billion yen**
- * **Return on equity (ROE) 8%**

Semiconductor Materials: Priority Measures

1. New strategic products and entry into new business areas

- † new applications for in-vehicle use etc. developed by our existing material technologies
e.g. one-step encapsulation material for ECU, materials for in-vehicle sensors, power modules
- † promotion of commercialisation of newly developed cutting-edge products
e.g. optical circuit products, materials for 3D laminated devices

2. Maximisation of profit in the existing business areas through product differentiation and penetration into the volume zone

- † deeper relations with customers through closer contact and quicker response by the joint force of R&D, manufacturing, and sales at each global site
- † more sales by differentiation products such as MUF* and granule-type encapsulation materials, etc.
- † packaging material for semiconductor substrates “LaZ[®]” from AP’s to memories etc. in the volume zone

*MUF: Mold underfill

**AP: Application processor

High Performance Plastics: Priority Measures

]. Strengthening & expansion of new business areas

† full-fledged engagement in aircraft-related business

- expedited realisation of synergy with Vaupell

† development and commercialisation of strategic new products

- for automotive use
expansion of product range with **in-mould integral moulding technology for plastic and metal composites**
- for shale gas/oil exploration, new materials for TFT liquid crystal



]. Further localisation of production and consumption in growing markets

† through re-organisation of the Nantong plant in China

- consolidation of phenolic moulding compound production (Jan. 2015)
- start of the new production line for liquid resin for insulation (Sept. 2014)

† cooperation with outside partners, OEM agreement under consideration (China, ASEAN, etc.)

Quality of Life Products: Priority Measures (1)

Medical devices

∫. Strategic new products, wider line-up of peripheral devices

† Steerable micro catheter



Approved by Japan's MHLW in Nov. 2014

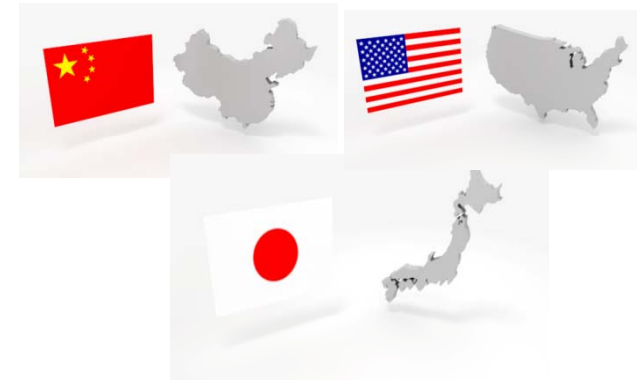
A reimbursement price to be set by MHLW in early autumn 2015

† Increase the line-up of peripheral devices related to endoscopic treatment such as SB Knife[®], Orphis CV Kit[®]

∫. Acceleration of overseas business

† Early realisation of synergy effect with Vaupell

† Increase function of China site (Dongguan)



Quality of Life Products: Priority Measures (2)

Films & Sheets

]. **Packaging material for pharmaceutical drugs: reinforce competitive advantage to gain an overwhelmingly large share**

- † capture the increasing demand for generics by offering a various functions e.g. high anti-moisture, and a large line-up
- † widen the application to packaging for medical use (e.g. transfusions)



Packaging for pharmaceuticals

]. **Packaging material for food and industrial use: aggressive move into growing areas**

- † expand sales by leveraging cost competitiveness of the state-of-the-art plant in Nantong
- † increase the strategic ECO product line up and promote collaboration with customers

Thin multilayered film



Thickness **ECOceeL:180μm**, Conventional: 220μm

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Freshness keeping film P-Plus



For pre-cut vegetable

Overwhelmingly large share for pre-cut vegetables and Edamame!



For producers of vegetables and fruits



New product

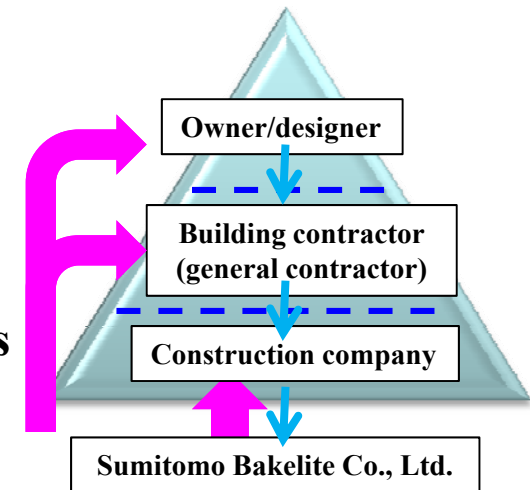
Anti-condensation film

Quality of Life products: Priority Measures (3)

Interior and exterior materials

∫. Further collaboration among 3 businesses (plates, Decola, waterproof)

† Sharing of the customer base (owner/designer, building contractor (general contractor), construction company) for module-type development and proposal of system solutions = approach to each layer of the pyramid with owner/designer at the top to increase customer orders



∫. Expansion of non-building applications

Industrial & commercial



Transportation



- Motorcycles, automobiles, rail cars
- Aircraft

∫. Aggressive move into overseas markets

Increase sales channels in the growing ASEAN market by leveraging our subsidiary in Indonesia



Policy on Dividend Payments

We consider shareholder returns as one of the important management responsibilities. We maintain stable dividend payments, while giving full consideration to such factors as strategic investments necessary for reinforcement of the existing businesses and for future growth, financial conditions, business performance, etc.

[Dividend: JPY/share]

