
Interim Financial Results and Business Outlook

November 2014

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President

 **SUMITOMO BAKELITE CO., LTD.**

Financial Results for 1st Half of FY 2014

[Billion yen]

Item \ Term	FY2013	FY2013	FY2014	Increase/Decrease	
	1st half(1)	2nd half(2)	1st half (3)	(3)-(1)	Ratio
Net sales	93.5	96.1	99.8	6.3	6.7%
Operating income	4.0	3.9	4.8	0.8	18.9
Ordinary income	4.6	4.0	5.0	0.4	8.9
Net income	2.8	1.8	3.3	0.5	16.9

* Extraordinary profit and loss

1st half of FY2013 – -0.3 billion yen: -0.2 billion yen of sale or disposal of fixed assets

2nd half of FY2013 = -0.7 billion yen: -0.2 billion yen of sale or disposal of fixed assets

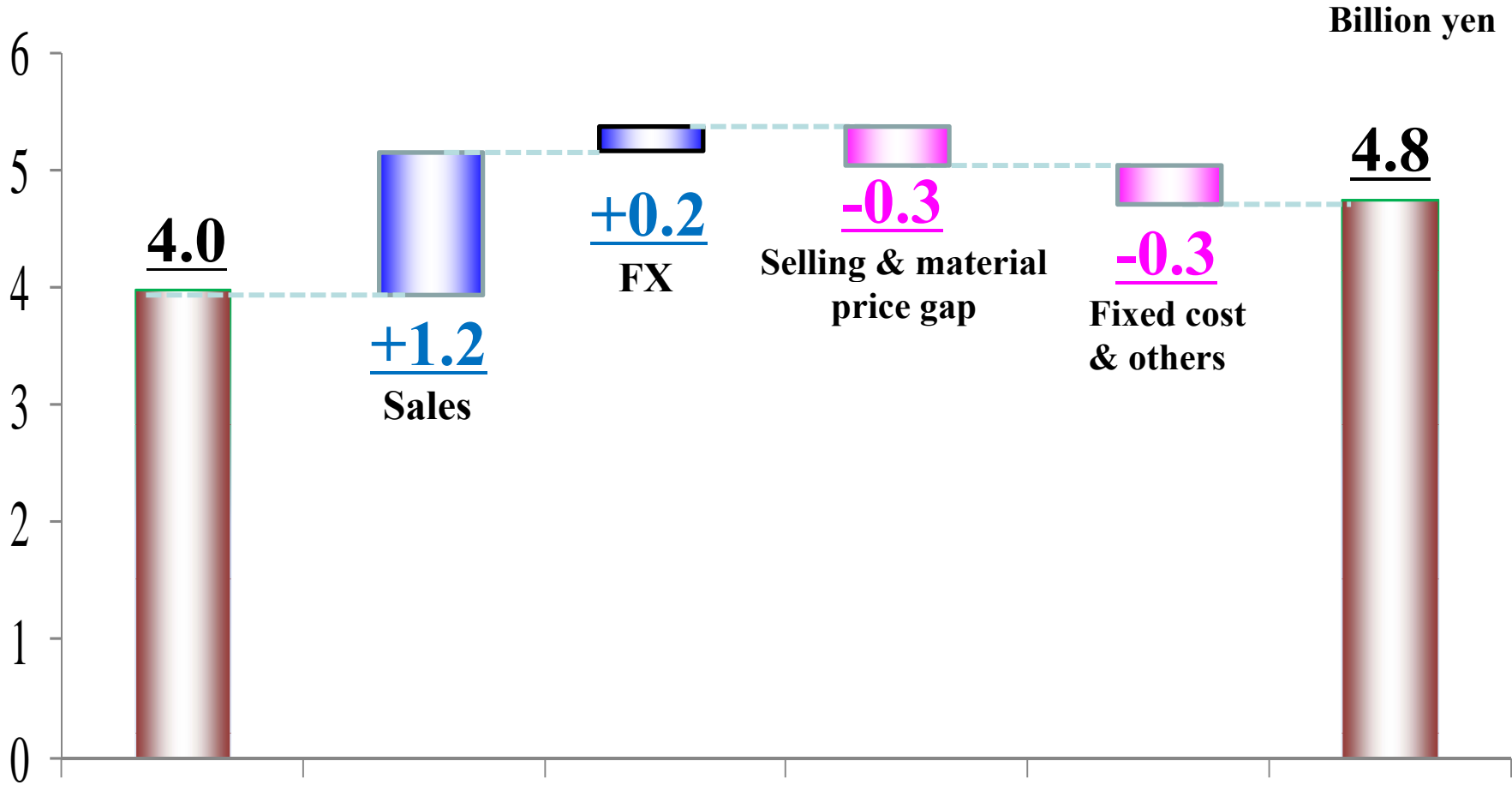
-0.3 billion yen of expenses related to business restructuring

-0.2 billion yen of impairment loss

1st half of FY2014 = -0.3 billion yen: -0.3 billion yen of loss of sale or disposal of fixed assets

* H2- FY2013: exclusive of actuarial differences of retirement benefit accounting and effect of fiscal year-end-date change at some of our consolidated subsidiaries

Analysis of Operating Income (Y/Y)



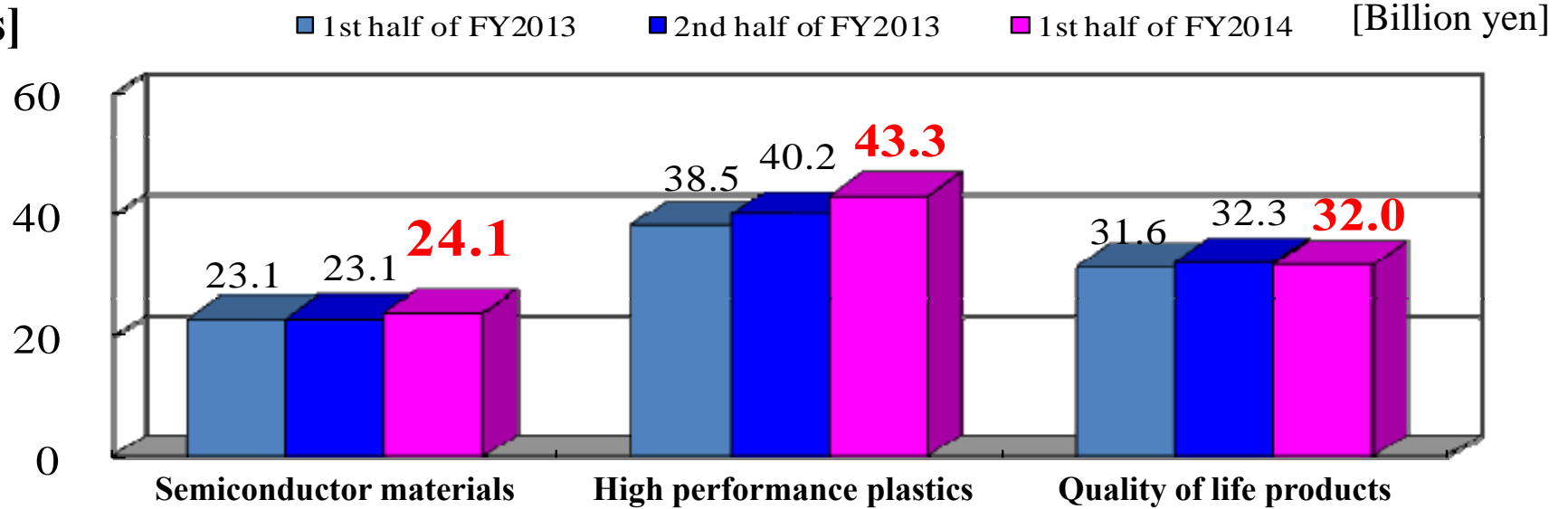
**H1
FY2013**

+ 0.8 billion yen

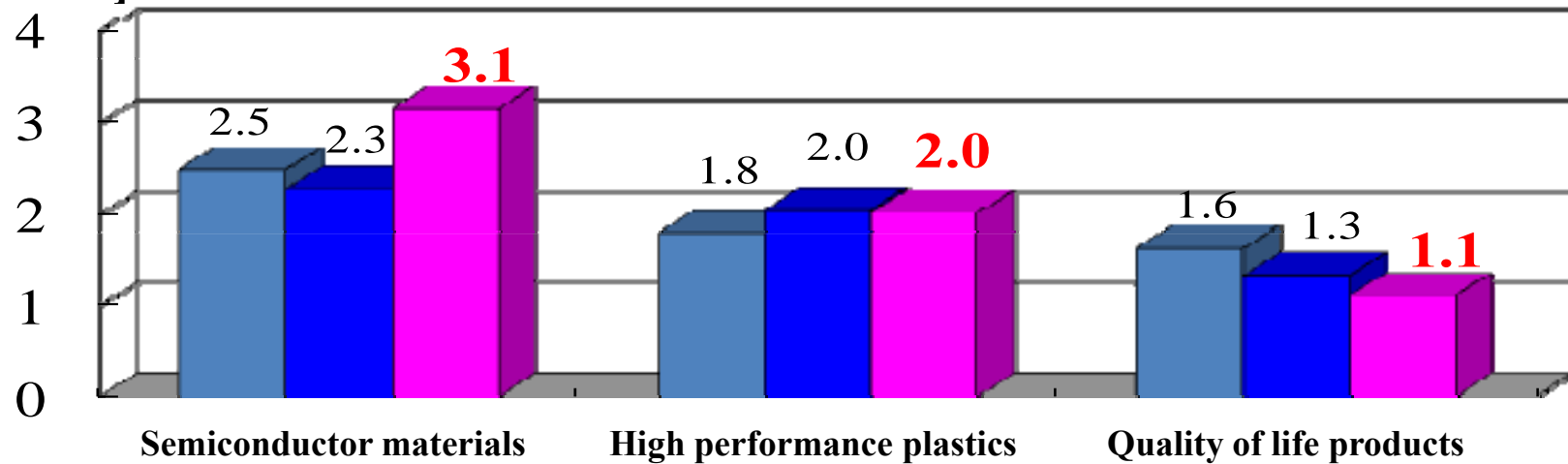
**H1
FY2014**

Sales and Profit by Business Segment

[Sales]



[Op. Income]



* 2nd half of FY2013: exclusive of actuarial differences of retirement benefit accounting & effect of fiscal year-end-date change at some of our consolidated subsidiaries

Financial Outlook for FY2014

[Billion yen]

Item	Term	FY2013	FY2014	Increase/Decrease	
		(1)	(2)	(2)-(1)	Ratio
Net sales		206.0	210.0	4.0	***** %
Impact of year-end-date change		16.5	0.0	-16.5	*****
Adjusted net sales		189.6	210.0	20.4	10.8
Operating income		10.7	11.0	0.3	*****
Actuarial differences		1.5	0.0	-1.5	*****
Impact of year-end-date change		1.4	0.0	-1.4	*****
Adjusted op. income		7.9	11.0	3.1	39.2
Ordinary income		11.5	11.2	-0.3	*****
Actuarial differences		1.5	0.0	-1.5	*****
Impact of year-end-date change		1.5	0.0	-1.5	*****
Adjusted ord. income		8.6	11.2	2.6	30.2
Net income		6.5	6.3	-0.2	*****
Actuarial differences		0.9	0.0	-0.9	*****
Impact of year-end-date change		1.0	0.0	-1.0	*****
Adjusted net income		4.6	6.3	1.7	37.0

Impact of fiscal year-end-date change: effect of fiscal year-end-date change at some of our consolidated subsidiaries

Actuarial differences: actuarial differences of retirement benefit accounting

Basic Policy

“New Combinations”

Revolutionary and innovative combinations of individual capabilities, organisational capabilities, and group competence

New growth of existing domestic businesses and change of business model

Selection and concentration of businesses:

Optimal allocation of resources to promising businesses with competitive advantage

New business start-up, Creation

Creation of next generation products and solutions anticipating future needs in advance

Increase of scale and profitability of overseas business

Strengthening of business in growing areas (regions/applications):

Promotion of localisation, local production and consumption/expansion of regional sites/M&A's, etc.

Development of new business models through M&A, etc.

Semiconductor Materials: Priority Measures for H2

§ Share increase in commodity markets as well as high-end markets

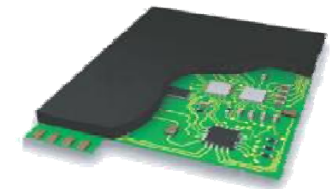
Maximum use of the global network involving our R&D, mfg, and sales, gaining new customers and sales increase through stronger tie-up with CCSB

§ Provision of total solutions of semiconductor packaging materials

Offer of optimal combinations of semiconductor encapsulation materials, buffer coat materials, die attach paste, LaZ[®], and etc.

§ Early entry into growing markets such as in-vehicle equipment, and power module

- 1) Early qualification of one-step encapsulation materials, etc. by customers for in-vehicle equipment applications
- 2) Establishment of Smart Community Marketing & Development Dept. (Aug. 2014)
To explore opportunities for all of our business segments in up-coming smart community infrastructure-related businesses



§ Sales expansion of packaging material for semiconductor substrates LaZ[®]

- 1) Expansion of business areas from AP's to other products with high demand expectations
- 2) Full operation of the new Utsunomiya-line for differentiation in quality and cost
(super thin, low CTE, high rigidity, stable quality)

High Performance Plastics: Priority Measures for H2

§ Reinforcement of global sites & increase in profitability

1) Optimisation of production site locations

China: Concentration of phenolic moulding compound production into Nantong (before year end)

Full start of the new production line for liquid resin for insulation at Nantong

2) Timely pass-on of raw material price increases to our selling prices



§ Development of new business models through M&A's

Aerospace parts business (acquisition of Vaupell, US)

- Line up more products and enter new business areas through synergy effect



§ Strengthening and expansion of businesses in growing areas

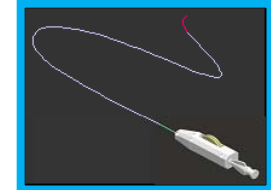
1) Applications: drilling for shale gas & oil -> new customers and sales increase

2) Areas: promotion of OEM production plan in India, and study on business in South America, East Europe, etc.

Quality of Life: Priority Measures for H2 (1)

§ Medical devices

- 1) Reinforcement of domestic sales channels
(15 sales offices & business expansion through agencies)
- 2) Sales increase of newly developed products
(circulatory, IVR, endoscopy)
- 3) Acceleration of oversea business: expeditious realization
of synergy with Vaupell



Micro active catheter



SB Knife®

§ Films and Sheets

† Pharmaceutical packaging

- Increased capacity at Amagasaki (June 2014) for meeting demand in generics, etc. and sales increase
- Entry into the multi-layer films for medical devices market



Pharmaceutical packaging

Quality of Life: Priority Measures for H2 (2)

† Food packaging/films for industrial use

- Full operation at the new plant in Nantong (Sept. 2014) and sales force reinforcement ---> Sales increase by local production
- Sales expansion by differentiation products
Anti-pinhole/thin multi-layer film “ECOCeeel®”
---> capture demand for eco friendly products e.g. less waste

§ Building and interior materials

† Plates:

SP of high revenue products e.g. polarized plate
More use of overseas bases, expansion of sales channels

† Decola:

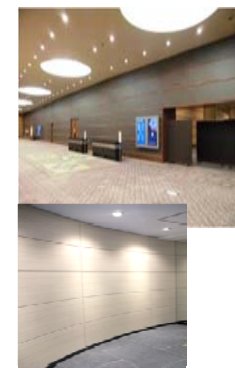
Industry’s thinnest 0.2mm flame retardant decorative sheet “decola innovair®” --> Sales increase for interior of housing complexes, commercial buildings, etc.

† Waterproof:

Sales promotion to new and renovated buildings and constructions



■ Interior of the lift
World Trade Cent
building in Tokyo



■ Entrance hall of hotels
office buildings, etc.