

Interim Financial Results of FY2015

November 2015

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President

Financial Summary and Improvement of Performance and Business Structure

Financial Results for 1st Half of FY 2015

[Unit: Billion yen]

	FY2014 1H (1)	FY2015 1H (2)	Variance	
			(2) - (1)	Ratio (%)
Net sales	99.8	105.6	5.8	5.8%
Operating income	4.8	4.8	0.1	1.2%
Ordinary income	5.0	5.0	0.1	1.3%
Net income	3.3	2.1	-1.2	-35.5%

***Extraordinary income and loss**

1H of FY2014 = (-)0.3 billion yen

loss on retirement of noncurrent assets: (-)0.4 billion yen, gain on sales of fixed assets: +0.1 billion yen

1H of FY2015 = (-)0.8 billion yen

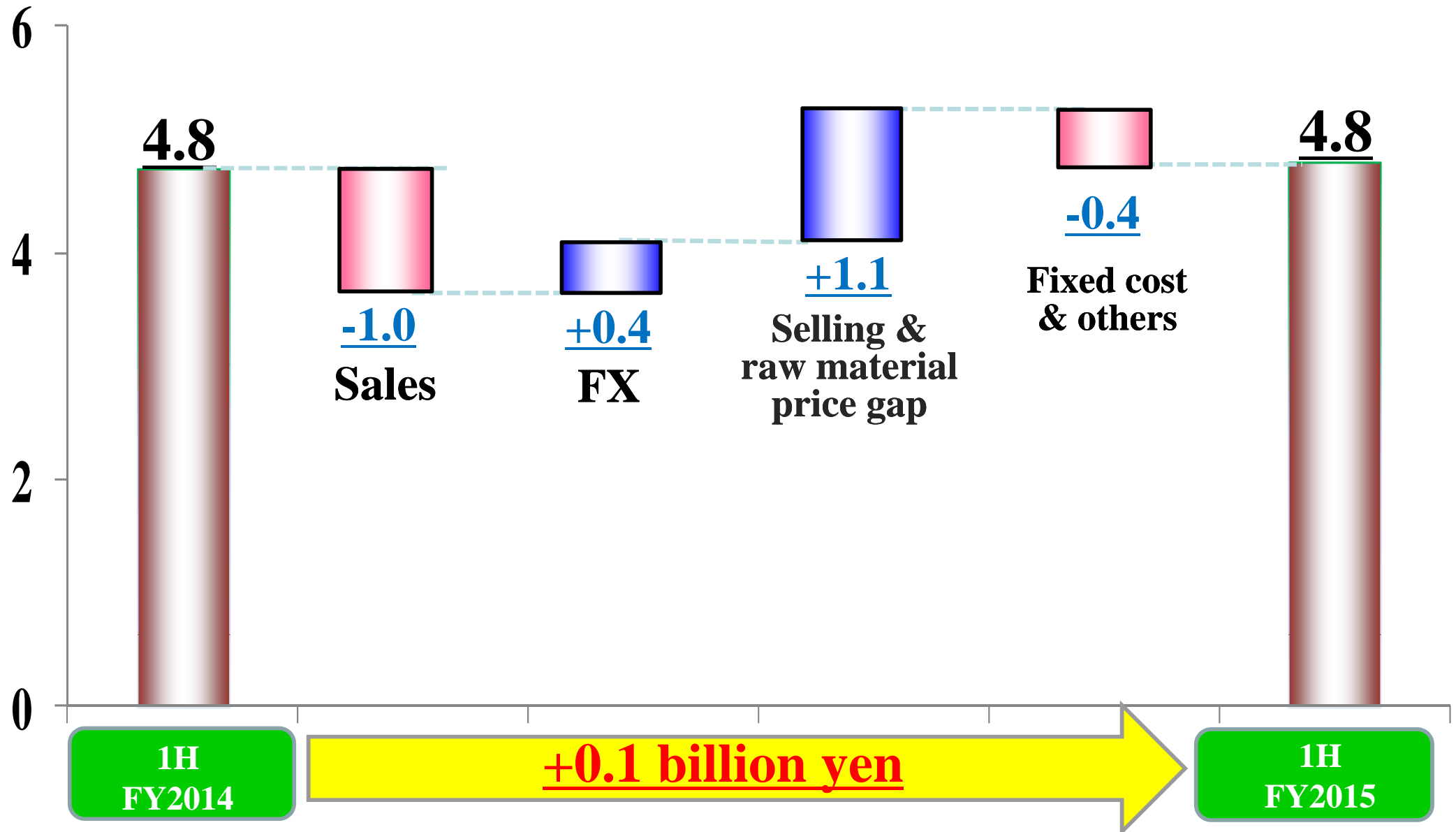
impairment loss: (-)1.3 billion yen, gain on sales of securities: +0.7 billion yen,

loss on retirement of noncurrent assets: (-)0.1

*Net income = Profit attributable to owners of parent company shares

Analysis of Operating Income (Y/Y)

[Unit: Billion yen]



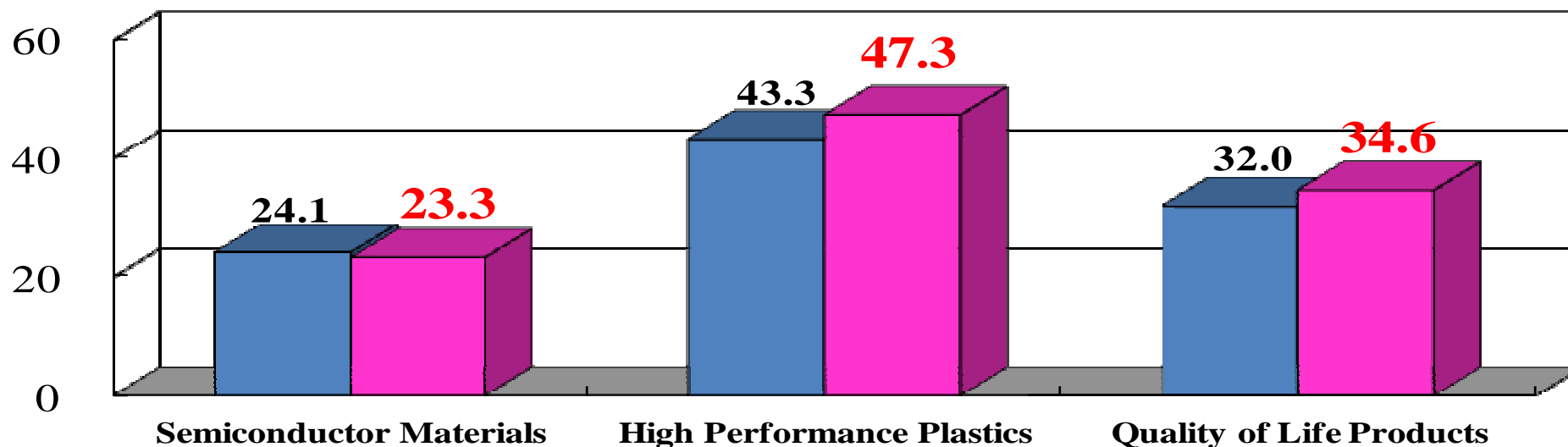
Sales and Operating Income by Business Segment

【Sales】

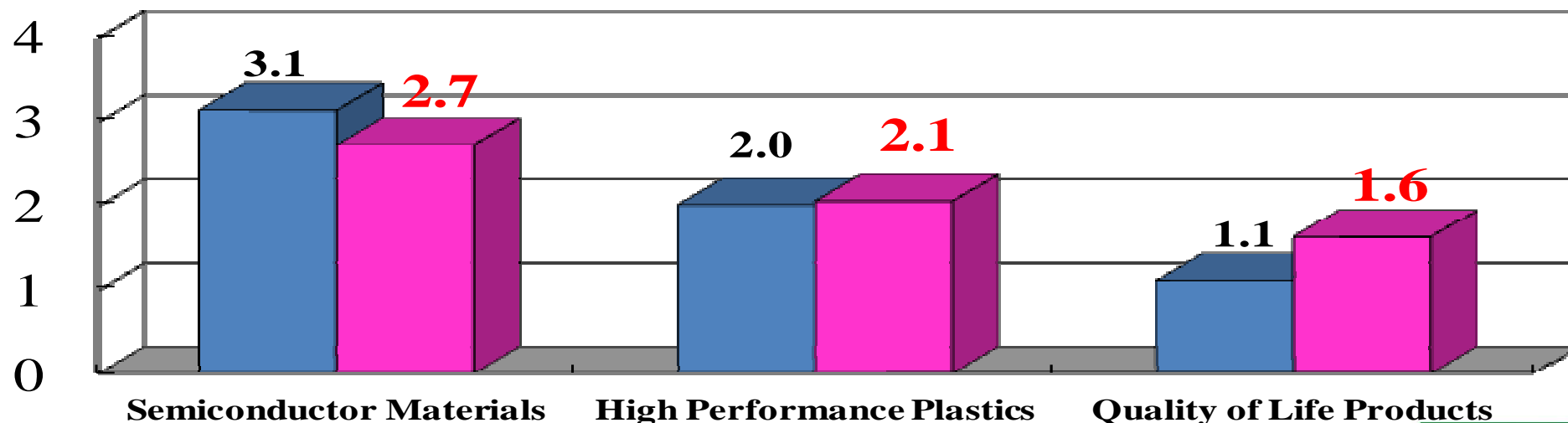
■ 1H of FY2014

■ 1H of FY2015

[Unit: Billion yen]



【Operating income】



Financial Outlook for FY2015 (ended March 2016)

[Unit: Billion yen]

	FY 2014 Actual(1)	FY 2015 Forecast(2)	Variance	
			(2) - (1)	Ratio (%)
Net Sales	209.7	210.0	0.3	0.2%
Operating income	10.9	11.0	0.1	0.9%
Actuarial differences	0.4		-0.4	*****
Adjusted op. income	10.5	11.0	0.5	4.5%
Ordinary income	11.3	11.5	0.2	2.1%
Actuarial differences	0.4		-0.4	*****
Adjusted ord. income	10.9	11.5	0.6	5.6%
Net income	7.1	4.2	-2.9	-41.0%
Actuarial differences	0.3		-0.3	*****
Adjusted net income	6.9	4.2	-2.7	-38.8%

* Actuarial differences: actuarial differences of retirement benefit accounting

* Net income = Profit attributable to owners of parent company shares

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

Improvement of Performance (short term)

(1) Emergency Action Plans to meet FY2015 Budget

▼ Fixed Cost Reduction

E.g. Save and reduce expenses, review and reduce capital expenditure and R&D expenses

▼ Reduce other costs (e.g. Rationalization of variable cost)

(2) Re-examination of assets

▼ Re-examination and disposal of strategically owned stock

▼ Reduction and optimization of inventory and fixed assets

Improvement of Performance (midterm and long term) (1)

(1) Business structural reform

- **Packaging material for semiconductor substrates LαZ[®] business**
 - ▼ Enhance efficiency and cost competitiveness by concentrating on the state-of-the-art line
- **High Performance Plastics business**
 - ▼ Restructuring and reinforcement of overseas bases
 - ▼ Strengthen group cooperation to improve management
- **Quality of Life Products (Plates & Decola business)**
 - ▼ Melamine decorative laminates “Decola”:
Concentrate on high value added area
 - ▼ Plates business: Strengthening functional material business
(e.g. polarizing plate for sunglasses and electrical insulation film)

Improvement of Performance (midterm and long term) (2)

(2) Headcount adjustment to the appropriate level for our business size

Prompt optimization of headcount and reinforcement of corporate structure

■ Sumitomo Bakelite Co., Ltd. (in Japan)

▼ Solicitation of voluntary retirement

- Applicable range: Manager level and higher
- Numbers: more than 100 employees
- Retirement date: December 31, 2015
- Impact on financial outlook: (-)1.6 billion yen (extraordinary loss)

■ Overseas bases

▼ Adjust headcount to appropriate level with business restructuring

Shareholder Returns

- Our policy is to perform stable shareholder return with appropriate scale and time, taking strategic investments necessary for future growth, financial conditions, business performance, etc. into account.
- For the time being, as we do not plan to make any big new investments, we make the surplus funds as shareholder return as follows:

1. Dividend:

Interim dividend: **5.00 yen per share**

Interim & year-end dividend: **10.00 yen per share planned**

2. Repurchase of own shares:

- Total number of shares to be repurchased: **up to 5,500,000 shares**
- Total amount of repurchase cost: **up to 3.1 billion yen**
- Period of repurchase: **from November 12, 2015 to January 29, 2016**

Priority Measures by Business Segment

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 and Creation
 - ※Business expansion through M&A and collaboration

«Numerical targets»

- *Operating income 22 billion yen (FY2017)
- *Return on equity (ROE) more than 8%

Basic policy: “Maximization of net income”

while paying due consideration to the proportion of shareholders’ equity

Priority Measures by Business Segment (1)

Semiconductor Materials

- **Expand the volume in existing markets and commercialize cutting-edge products**
- **Roll out into new growing markets, e.g. in-vehicle equipment**

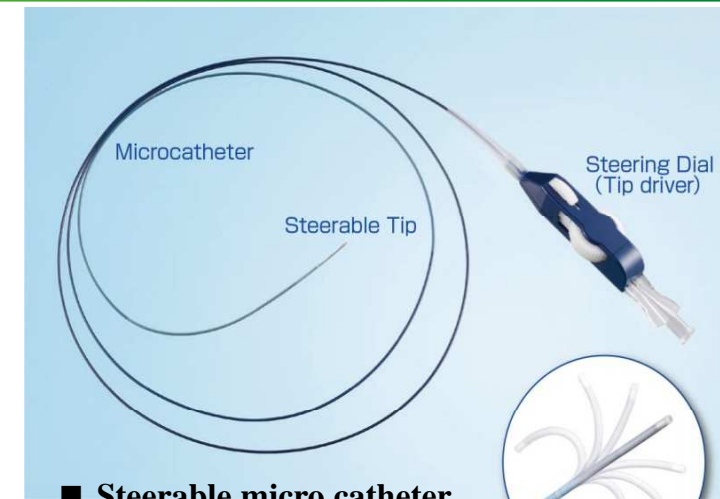
High Performance Plastics

- **Commercialization of new composite products for aerospace related business**
- **Development and proposal of a semi-system with integral molding technology for plastic and metal composites**

Priority Measures by Business Segment (2)

■ Medical devices

- ▼ Full-fledged sales of Steerable micro catheter
- ▼ Promotion of sales by collaboration between SB & Vaupell



■ Steerable micro catheter
Steerable catheter with controllable tip by operating the dial. Used in arterial embolization therapy

■ Films & Sheets

- ▼ Promotion and Reinforcement of Globalization
 - Enhancement of quality and cost competitiveness of products with the state-of-the-art plant
- ▼ Expand sales of functional film for industrial use
 - Differentiation through higher functionality and lower cost products and strengthening of cooperation with customers
- ▼ Business expansion of freshness-keeping film for food “P-Plus”
 - Sales promotion of films used for precut vegetable and producer’s vegetables /fruits



SUMITOMO BAKELITE CO., LTD.

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