## Summary of Consolidated Business Results for the Six Months Ended September 30, 2019 [IFRS]

November 11, 2019

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 : November 13, 2019

Date of the start of dividend payment : December 2, 2019

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, 2019

#### (1) Consolidated Financial Results

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

|                             | Revenue         |               | Business profit  |        | Operating       | profit | Profit befo     | re tax | Profit attributable to |       |  |
|-----------------------------|-----------------|---------------|------------------|--------|-----------------|--------|-----------------|--------|------------------------|-------|--|
|                             |                 |               |                  |        |                 |        |                 |        | owners of parent       |       |  |
|                             | Millions of yen | %             | Millions of yen  | %      | Millions of yen | %      | Millions of yen | %      | Millions of yen        | %     |  |
| April 2019 - September 2019 | 104,982         | 104,982 (3.1) |                  | (10.9) | 8,311           | (9.0)  | 9,043           | ( 6.2) | 7,286                  | 4.3   |  |
| April 2018 - September 2018 | 108,339         | 108,339 3.3   |                  | ( 6.8) | 9,134           | (8.5)  | 9,645           | ( 6.8) | 6,984                  | (8.1) |  |
|                             | Basic earnings  |               | Diluted earnings |        | 1               |        |                 |        |                        |       |  |
|                             | per share       |               | per share        |        |                 |        |                 |        |                        |       |  |

|                             | Basic earnings      | Diluted earnings |  |
|-----------------------------|---------------------|------------------|--|
|                             | per share per share |                  |  |
|                             | Yen                 | Yen              |  |
| April 2019 - September 2019 | 154.82              | -                |  |
| April 2018 - September 2018 | 148.41              | -                |  |

(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 with the assumption that the share consolidation had exercised at the beginning of the fiscal year ended March 31, 2019.

#### (2) Consolidated Financial Position

|                          | Total assets    | Total assets Total equity |                 | Ratio of equity attributable to owners of parent |
|--------------------------|-----------------|---------------------------|-----------------|--|
|                          | Millions of yen | Millions of yen           | Millions of yen | %  |
| As of September 30, 2019 | 285,602         | 180,645                   | 178,667         | 62.6   |
| As of March 31, 2019     | 284,898         | 180,635                   | 178,818         | 62.8   |

## 2. Dividends

|                         |             | Annual dividends per share |             |             |       |  |  |  |  |  |  |
|-------------------------|-------------|----------------------------|-------------|-------------|-------|--|--|--|--|--|--|
|                         | 1st quarter | 2nd quarter                | 3rd quarter | 4th quarter | Total |  |  |  |  |  |  |
|                         | Yen         | Yen                        | Yen         | Yen         | Yen   |  |  |  |  |  |  |
| April 2018 - March 2019 | -           | 7.50                       | -           | 37.50       | -     |  |  |  |  |  |  |
| April 2019 - March 2020 | -           | 45.00                      |             |             |       |  |  |  |  |  |  |
| April 2019 - March 2020 |             |                            | _           | 45.00       | 90.00 |  |  |  |  |  |  |
| (Forecasts)             |             |                            | ı           | 45.00       | 90.00 |  |  |  |  |  |  |

(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 dividends for the fiscal year ended March 31, 2019 account for the share consolidation and the total annual dividends per share of common shares are shown as "-". The total annual dividends per share calculated on a post-consolidation of share basis are ¥75.00 for the fiscal year ended March 31, 2019.

#### 3. Consolidated Financial Forecasts for the Year Ending March 31, 2020

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

|                         | Revenue         |       | Business pro    | ofit  | Profit attributal owners of pa |         | Basic earnings per share |  |
|-------------------------|-----------------|-------|-----------------|-------|--------------------------------|---------|--------------------------|--|
|                         | Millions of yen | %     | Millions of yen | %     | Millions of yen                | %       | Yen                      |  |
| April 2019 - March 2020 | 205,000         | (3.7) | 16,000          | (7.5) | 12,300                         | ( 18.5) | 261.37                   |  |

(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
 b) Changes in accounting policies other than a)
 c) Changes in accounting estimates
 None

(3) Number of outstanding shares

(Shares)

- a) Number of outstanding shares (including treasury shares)
- b) Number of treasury shares
- c) Average number of outstanding shares during the period (excluding treasury shares)

| 49,590,478 | As of March 31, 2019        | 49,590,478  |
|------------|-----------------------------|---|
| 2,530,715  | As of March 31, 2019        | 2,530,175   |
| 47,060,027 | April 2018 - September 2018 | 47,062,952  |
|            | 2,530,715                   | 49,590,478 As of March 31, 2019<br>2,530,715 As of March 31, 2019<br>47,060,027 April 2018 - September 2018 |

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

#### (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.

(Millions of yen)

|   | March 31, 2019 | September 30, 2019 |
|---|----------------|--------------------|
| Assets  |                |                    |
| Current assets                                |                |                    |
| Cash and cash equivalents                     | 59,640         | 61,904             |
| Trade and other receivables                   | 47,858         | 47,205             |
| Other financial assets                        | 1,174          | 17                 |
| Inventories                                   | 34,825         | 35,225             |
| Other current assets                          | 3,274          | 2,788              |
| Total current assets                          | 146,771        | 147,140            |
| Non-current assets                            |                |                    |
| Property, plant and equipment                 | 95,488         | 93,168             |
| Right-of-use assets                           | -              | 4,252              |
| Goodwill                                      | 2,557          | 2,458              |
| Other intangible assets                       | 1,489          | 2,130              |
| Investments accounted for using equity method | 8,829          | 9,037              |
| Other financial assets                        | 26,059         | 24,430             |
| Retirement benefit asset                      | 1,175          | 1,220              |
| Deferred tax assets                           | 1,085          | 1,383              |
| Other non-current assets                      | 1,444          | 385                |
| Total non-current assets                      | 138,126        | 138,462            |
| Total assets                                  | 284,898        | 285,602            |

March 31, 2019 September 30, 2019

| Liabilities and equity                        |          |          |
|---|----------|----------|
| Liabilities                                   |          |          |
| Current liabilities                           |          |          |
| Borrowings                                    | 18,499   | 18,431   |
| Trade and other payables                      | 45,492   | 43,433   |
| Other financial liabilities                   | 60       | 1,038    |
| Income taxes payable                          | 1,739    | 2,219    |
| Provisions                                    | 1,114    | 1,079    |
| Other current liabilities                     | 351      | 425      |
| Total current liabilities                     | 67,256   | 66,625   |
| Non-current liabilities                       |          |          |
| Borrowings                                    | 26,902   | 26,428   |
| Other financial liabilities                   | 102      | 2,104    |
| Retirement benefit liability                  | 2,774    | 2,727    |
| Provisions                                    | 566      | 559      |
| Deferred tax liabilities                      | 6,433    | 6,288    |
| Other non-current liabilities                 | 230      | 225      |
| Total non-current liabilities                 | 37,006   | 38,331   |
| Total liabilities                             | 104,263  | 104,956  |
| Equity  |          |          |
| Share capital                                 | 37,143   | 37,143   |
| Capital surplus                               | 35,359   | 35,359   |
| Treasury shares                               | ( 6,775) | ( 6,777) |
| Other components of equity                    | 6,692    | 1,493    |
| Retained earnings                             | 106,399  | 111,448  |
| Total equity attributable to owners of parent | 178,818  | 178,667  |
| Non-controlling interests                     | 1,816    | 1,978    |
| Total equity                                  | 180,635  | 180,645  |
| Total liabilities and equity                  | 284,898  | 285,602  |

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

| , ,  |                        | (Millions of yen)      |
|--|------------------------|------------------------|
|  | Six months ended       | Six months ended       |
|  | September 30, 2018     | September 30, 2019     |
|  | (From April 1, 2018    | (From April 1, 2019    |
|  | to September 30, 2018) | to September 30, 2019) |
| Revenue  | 108,339                | 104,982                |
| Cost of sales  | ( 75,780)              | ( 73,235)              |
| Gross profit   | 32,559                 | 31,746                 |
| Selling, general and administrative expenses                     | ( 23,058)              | ( 23,278)              |
| Business profit  | 9,501                  | 8,468                  |
| Other income   | 201                    | 127                    |
| Other expenses   | ( 568)                 | ( 285)                 |
| Operating profit   | 9,134                  | 8,311                  |
| Finance income   | 617                    | 772                    |
| Finance costs  | ( 99)                  | ( 163)                 |
| Share of profit (loss) of investments accounted for using equity | (7)                    | 123                    |
| method   | (7)                    | 123                    |
| Profit before tax  | 9,645                  | 9,043                  |
| Income tax expenses  | ( 2,547)               | ( 1,761)               |
| Profit   | 7,098                  | 7,281                  |
| Profit attributable to:  |                        |                        |
| Owners of parent   | 6,984                  | 7,286                  |
| Non-controlling interests  | 113                    | (5)                    |
| Profit   | 7,098                  | 7,281                  |
|  |                        |                        |
| Earnings per share   | 4,0.4                  | 400                    |
| Basic earnings per share (Yen)                                   | 148.41                 | 154.82                 |
| Diluted earnings per share (Yen)                                 | -                      | <del>-</del>           |

## (Condensed quarterly consolidated statements of comprehensive income)

|   |                        | (Millions of yen)      |
|---|------------------------|------------------------|
|   | Six months ended       | Six months ended       |
|   | September 30, 2018     | September 30, 2019     |
|   | (From April 1, 2018    | (From April 1, 2019    |
|   | to September 30, 2018) | to September 30, 2019) |
| Profit  | 7,098                  | 7,281                  |
| Other comprehensive income                                  |                        |                        |
| Items that will not be reclassified to profit or loss       |                        |                        |
| Financial assets measured at fair value through other       | 1 1 1 1                | ( [[1]                 |
| comprehensive income  | 1,141                  | ( 551)                 |
| Remeasurements of defined benefit plans                     | -                      | (0)                    |
| Share of other comprehensive income of investments          | (2)                    | 175                    |
| accounted for using equity method                           | (2)                    | 175                    |
| Total items that will not be reclassified to profit or loss | 1,139                  | (376)                  |
| Items that may be reclassified to profit or loss            |                        |                        |
| Cash flow hedges  | 21                     | 23                     |
| Exchange differences on translation of foreign operations   | 3,698                  | ( 5,320)               |
| Share of other comprehensive income of investments          | (24)                   | ( EQ)                  |
| accounted for using equity method                           | ( 34)                  | ( 58)                  |
| Total items that may be reclassified to profit or loss      | 3,685                  | ( 5,355)               |
| Other comprehensive income, net of tax                      | 4,824                  | ( 5,731)               |
| Comprehensive income  | 11,922                 | 1,550                  |
|   |                        |                        |
| Comprehensive income attributable to:                       |                        |                        |
| Owners of parent  | 11,761                 | 1,615                  |
| Non-controlling interests                                   | 161                    | ( 65)                  |
| Comprehensive income  | 11,922                 | 1,550                  |

### (3) Condensed Quarterly Consolidated Statements of Changes in Equity 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 |                    |                    |                      |   |   |                     |   |        | (1711111)                        | on yen,      |
|---|---|--------------------|--------------------|----------------------|---|---|---------------------|---|--------|----------------------------------|--------------|
|   |   |                    |                    |                      |   | Other o                                       | ,                   |   |        |                                  |              |
|   | Share capital                                 | Capital<br>surplus | Treasury<br>shares | Retained<br>earnings | Financial assets<br>measured at<br>fair value<br>through other<br>comprehensive<br>income | Remeasurements<br>of defined<br>benefit plans | Cash flow<br>hedges | Exchange<br>differences on<br>translation of<br>foreign<br>operations | Total  | Non-<br>controlling<br>interests | Total equity |
| Balance at beginning of<br>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)          |
| Change due to new consolidation of subsidiarie                      | -<br>s  | -                  | -                  | -                    | -   | -   | -                   | -   | -      | -                                | -            |
| Transfer from other<br>components of equity to<br>retained earnings | -   | -                  | -                  | 17                   | ( 19)   | 2   | -                   | -   | ( 17)  | -                                | -            |
| Total transactions with<br>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      |

For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

(Millions of yen)

|   | Total equity attributable to owners of parent |                    |                    |                      |   |   |                     |   |          | (IVIIIIVI)                       | ons or yen)  |
|---|---|--------------------|--------------------|----------------------|---|---|---------------------|---|----------|----------------------------------|--------------|
|   |   |                    |                    |                      | Other components of equity  |   |                     |   |          |                                  |              |
|   | Share capital                                 | Capital<br>surplus | Treasury<br>shares | Retained<br>earnings | Financial assets<br>measured at<br>fair value<br>through other<br>comprehensive<br>income | Remeasurements<br>of defined<br>benefit plans | Cash flow<br>hedges | Exchange<br>differences on<br>translation of<br>foreign<br>operations | Total    | Non-<br>controlling<br>interests | Total equity |
| Balance at beginning of<br>current period                           | 37,143  | 35,359             | ( 6,775)           | 106,399              | 9,362   | -   | ( 239)              | ( 2,431)  | 6,692    | 1,816                            | 180,635      |
| Profit  | -   | -                  | -                  | 7,286                | -   | -   | -                   | -   | -        | (5)                              | 7,281        |
| Other comprehensive income  |   | -                  | -                  | -                    | ( 390)  | 15  | 23                  | ( 5,318)  | ( 5,671) | ( 61)                            | ( 5,731)     |
| Comprehensive income  | -   | -                  | -                  | 7,286                | ( 390)  | 15  | 23                  | ( 5,318)  | ( 5,671) | ( 65)                            | 1,550        |
| Dividends from surplus  | -   | -                  | -                  | ( 1,765)             | -   | -   | -                   | -   | -        | ( 125)                           | ( 1,889)     |
| Purchase of treasury shares   | -   | -                  | (2)                | -                    | -   | -   | -                   | -   | -        | -                                | (2)          |
| Change due to new consolidation of subsidiarie                      | s -   | -                  | -                  | -                    | -   | -   | -                   | -   | -        | 352                              | 352          |
| Transfer from other<br>components of equity to<br>retained earnings | -   | -                  | -                  | ( 471)               | 486   | ( 15)   | -                   | -   | 471      | -                                | -            |
| Total transactions with owners                                      | -   | -                  | (2)                | ( 2,236)             | 486   | ( 15)   |                     |   | 471      | 227                              | ( 1,539)     |
| Balance at end of current period                                    | 37,143  | 35,359             | ( 6,777)           | 111,448              | 9,458   | -   | ( 216)              | ( 7,748)  | 1,493    | 1,978                            | 180,645      |

|  |                        | (Millions of yen)      |
|--|------------------------|------------------------|
|  | Six months ended       | Six months ended       |
|  | September 30, 2018     | September 30, 2019     |
|  | (From April 1, 2018    | (From April 1, 2019    |
|  | to September 30, 2018) | to September 30, 2019) |
| Cash flows from operating activities                         |                        |                        |
| Profit before tax  | 9,645                  | 9,043                  |
| Depreciation and amortization                                | 5,009                  | 5,519                  |
| Interest and dividend income                                 | ( 612)                 | ( 734)                 |
| Interest expenses  | 99                     | 163                    |
| Decrease (increase) in trade and other receivables           | ( 463)                 | 237                    |
| Increase (decrease) in trade and other payables              | ( 698)                 | ( 2,336)               |
| Decrease (increase) in inventories                           | ( 967)                 | ( 151)                 |
| Others, net  | ( 147)                 | 646                    |
| Subtotal   | 11,865                 | 12,388                 |
| Interest received  | 322                    | 418                    |
| Dividends received   | 296                    | 351                    |
| Interest paid  | ( 99)                  | ( 162)                 |
| Income taxes paid  | ( 2,044)               | ( 1,479)               |
| Net cash provided by (used in) operating activities          | 10,340                 | 11,515                 |
| Cash flows from investing activities                         |                        |                        |
| Purchase of property, plant and equipment                    | ( 5,156)               | (4,976)                |
| Proceeds from sale of property, plant and equipment          | 184                    | 39                     |
| Purchase of investment securities                            | ( 348)                 | ( 114)                 |
| Proceeds from sale of investment securities                  | 34                     | 111                    |
| Others, net  | ( 568)                 | 53                     |
| Net cash provided by (used in) investing activities          | ( 5,854)               | ( 4,885)               |
| Cash flows from financing activities                         |                        |                        |
| Increase (decrease) in short-term borrowings                 | 80                     | ( 109)                 |
| Increase (decrease) in commercial papers                     | ( 2,000)               | 6,500                  |
| Repayments of long-term borrowings                           | ( 241)                 | ( 6,425)               |
| Repayments of lease liabilities                              | -                      | ( 373)                 |
| Dividends paid   | ( 1,412)               | ( 1,765)               |
| Dividends paid to non-controlling interests                  | ( 154)                 | ( 125)                 |
| Others, net  | ( 26)                  | (2)                    |
| Net cash provided by (used in) financing activities          | ( 3,753)               | ( 2,298)               |
| Effect of exchange rate changes on cash and cash equivalents | 1,668                  | ( 2,067)               |
| Net increase (decrease) in cash and cash equivalents         | 2,401                  | 2,263                  |
| Cash and cash equivalents at beginning of period             | 56,559                 | 59,640                 |
| Cash and cash equivalents at end of period                   | 58,961                 | 61,904                 |

## 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, 2018 (From April 1, 2018 to September 30, 2018)

(Millions of yen)

|                                  | Rep                        | ortable segm                     | ents                     |        |         |            |              |
|----------------------------------|----------------------------|----------------------------------|--------------------------|--------|---------|------------|--------------|
|                                  | Semiconductor<br>materials | High-<br>performance<br>plastics | Quality of life products | Others | Total   | Adjustment | Consolidated |
| Revenue                          |                            |                                  |                          |        |         |            |              |
| External customers               | 26,127                     | 47,712                           | 34,142                   | 358    | 108,339 | -          | 108,339      |
| Intersegment                     | -                          | 82                               | 0                        | 1      | 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        |

For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

(Millions of yen)

|                                  | Rep                        | ortable segm                     | ents                     |        |         |            |              |
|----------------------------------|----------------------------|----------------------------------|--------------------------|--------|---------|------------|--------------|
|                                  | Semiconductor<br>materials | High-<br>performance<br>plastics | Quality of life products | Others | Total   | Adjustment | Consolidated |
| Revenue                          |                            |                                  |                          |        |         |            |              |
| External customers               | 24,821                     | 43,438                           | 36,384                   | 339    | 104,982 | -          | 104,982      |
| Intersegment                     | -                          | 65                               | 0                        | -      | 65      | ( 65)      | -            |
| Total revenue                    | 24,821                     | 43,503                           | 36,384                   | 339    | 105,047 | ( 65)      | 104,982      |
| Segment profit (Business profit) | 4,130                      | 2,679                            | 3,191                    | 64     | 10,063  | ( 1,595)   | 8,468        |

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

|   | For the six months ended             | For the six months ended             |  |  |
|---|--------------------------------------|--------------------------------------|--|--|
|   | September 30, 2018                   | September 30, 2019                   |  |  |
|   | (From April 1, 2018 to September 30, | (From April 1, 2019 to September 30, |  |  |
|   | 2018)                                | 2019)                                |  |  |
| Segment profit  | 9,501                                | 8,468                                |  |  |
| Other income  | 201                                  | 127                                  |  |  |
| Other expenses  | ( 568)                               | ( 285)                               |  |  |
| Operating profit  | 9,134                                | 8,311                                |  |  |
| Finance income  | 617                                  | 772                                  |  |  |
| Finance costs   | ( 99)                                | ( 163)                               |  |  |
| Share of profit (loss) of investments accounted for using equity method | (7)                                  | 123                                  |  |  |
| Profit before tax   | 9,645                                | 9,043                                |  |  |