Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year 2018 Ending March 31, 2019
<Under Japanese GAAP>

January 30, 2019

Company Name:	Sekisui Chemical Co., Ltd.
Stock Listings:	Tokyo Stock Exchange
Code Number:	4204
URL	http://www.sekisuichemical.com
Representative Director:	Mr. Teiji Koge, President
Inquiries:	Mr. Keita Kato, Representative Director, Senior Managing Executive Officer
TEL:	+81-3- 5521-0522
Scheduled date for submission of quarterly financial statement:	February 8, 2019
Scheduled date for payment of dividends:	-
Quarterly earnings supplementary explanatory documents:	Yes
Quarterly earnings results briefing:	Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the Third Quarter (April 1, 2018 to December 31, 2018)

(1) Consolidated Business Results

(% change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018 (First 9 months)	829,036	4.7	59,519	-4.6	59,322	-7.7	41,999	-5.2
FY2017 (First 9 months)	791,616	3.3	62,416	1.5	64,280	0.9	44,298	11.0

Note. Comprehensive Income: December 31, 2018: 26,708 million yen (-61.2%), December 31, 2017: 68,853 million yen (65.6%)

	Net Income Attributable to Owners of the Parent per Share	Net Income Attributable to Owners of the Parent per Share (Diluted)
	yen	yen
FY2018 (First 9 months)	89.96	89.89
FY2017 (First 9 months)	93.27	93.10

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity to Total Assets
	Millions of yen	Millions of yen	%
3rd Q of FY2018	1,024,286	605,842	56.7
FY2017	994,137	612,757	59.1

Note. Shareholders' Equity: December 31, 2018: 580,474 million yen, March 31, 2018: 587,766 million yen

2. Dividend Status

	Dividend per Share				
(Date of Record)	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Year-end	Full year
	yen	yen	yen	yen	yen
FY2017	-	19.00	-	21.00	40.00
FY2018	-	21.00	-		
FY2018 (outlook)				21.00	42.00

Note. Recent revision of dividend estimates: No

3. Consolidated Outlook for FY2018 (April 1, 2018 to March 31, 2019)

(% change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income Attributable to Owners of the Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Year	1,161,000	4.8	100,000	0.8	98,000	4.3	67,000	5.6	144.03

Note. Recent revision of consolidated earnings estimates: Yes

Notes

(1) Significant change of subsidiary companies during the term (change of specified subsidiaries that affected the scope of consolidated reporting): No

(2) Application of special methods for quarterly consolidated financial statements: Yes

Note: For further details please refer to "Application of special accounting methods for the preparation of quarterly consolidated financial statements" on page 10.

(3) Changes to the accounting policy, changes or restatements of the accounting estimates

a) Changes caused by revisions to accounting principles: No
b) Changes other than a): No
c) Amendments to accounting estimates: No
d) Restatements: No

(4)Number of shares outstanding (common stock)

a)	Number of shares outstanding at the end of term (including treasury stock):	3rd Q of FY2018	492,507,285 shares
		FY2017	500,507,285 shares
b)	Treasury stock at the end of term:	3rd Q of FY2018	27,318,924 shares
		FY2017	28,750,482 shares
c)	Average outstanding shares in the period (quarterly consolidated cumulative total):	3rd Q of FY2018	466,865,817 shares
		3rd Q of FY2017	474,945,265 shares

Note: The Financial Instruments and Exchange Law does not require this brief announcement of the most recent financial statements to be subject to audit review.

Remarks on appropriate use of forecasted results of operation and other special matters

1. The full-year consolidated forecasts presented in this report are changed from the forecasts announced on October 29, 2018.
2. The earnings forecasts and other forward-looking statements presented in this report are based on information available at the time of the report and on certain assumptions that the Company considers reasonable. Forward-looking statements in no capacity represent a guarantee that the Company will achieve the stated amounts. Various factors can cause actual results to differ materially from the forecasts. For important matters regarding the conditions associated with the assumptions of the forecasts and the appropriate use of the forecasts, please see "2. Revision to the consolidated results forecast and other forward-looking information" on page 3 of the Quarterly Financial Report (Supplementary Material).

(Supplementary Material)

I. Qualitative Information and Financial Review

1. Consolidated Business Results

Please see the following attachment of materials from presentation of Financial Results for the Third Quarter of FY2018.
http://www.sekisuichemical.com/ir/pdf/20190130kge.pdf
[The Presentation Meeting is scheduled to be held on January 30, 2019, at 3:30 p.m. Japan time]

2. Revision to the consolidated results forecast and other forward-looking information

Such factors as demand for smartphone-related products as well as the number of automobiles manufactured in China and Europe are expected to decline compared with previous projections. As a result, Sekisui Chemical has decided to revise forecast figures announced on October 29, 2018 as indicated in the following table.

	Revised Forecast	**Previous Forecast (October 29, 2018)**
Net Sales (millions of yen)	1,161,000	1,163,000
Operating Income (millions of yen)	100,000	102,000
Ordinary Income (millions of yen)	98,000	100,000
Net Income Attributable to Owners of the Parent (millions of yen)	67,000	67,000
Net Income Per Share (yen)	144.03	144.04

3. Consolidated Financial Statement (Third Quarter, Fiscal Year 2018)

(1)Consolidated Balance Sheets

(Millions of Yen)

	End Fiscal Year 2017 (As of March 31, 2018)	End Third Quarter, Fiscal 2018 (As of December 31, 2018)
(Assets)		
Current assets		
Cash and deposits	77,996	67,610
Notes receivable, trade	45,959	45,975
Accounts receivable, trade	137,304	134,500
Marketable securities	0	0
Merchandise and finished goods	62,185	67,137
Land for sale	30,926	36,174
Work in process	46,984	61,936
Raw materials and supplies	30,362	34,625
Advance payments	1,547	2,270
Prepaid expenses	3,762	4,812
Short-term loans receivable	7,230	1,787
Other current assets	16,537	22,499
Allowance for doubtful accounts	-1,597	-1,313
Total current assets	459,201	478,016
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	93,140	98,995
Machinery, equipment and vehicles	77,803	81,149
Land	73,299	76,711
Leased assets	10,146	10,063
Construction in progress	14,890	26,261
Other	10,457	10,970
Total property, plant and equipment, net	279,738	304,152
Intangible assets		
Goodwill	17,640	17,638
Software	8,177	9,350
Leased assets	208	172
Other	25,071	24,210
Total intangible assets	51,097	51,372
Investments and other assets		
Investments in securities	177,707	155,081
Long-term loans receivable	1,048	1,055
Long-term prepaid expenses	1,519	1,598
Asset for retirement benefits	200	351
Deferred tax assets	12,078	19,961
Other	13,587	14,735
Allowance for doubtful accounts	-2,042	-2,038
Total investments and other assets	204,099	190,745
Total non-current assets	534,935	546,270
Total assets	994,137	1,024,286

(Millions of Yen)

	End Fiscal Year 2017 (As of March 31, 2018)	End Third Quarter, Fiscal 2018 (As of December 31, 2018)
(Liabilities)		
Current liabilities		
Notes payable, trade	4,972	4,186
Electronically recorded obligations	26,639	28,018
Accounts payable, trade	99,208	97,390
Short-term debt and current portion of long-term debt	10,974	28,683
Commercial paper	7,000	16,000
Current portion of bonds	16	16
Lease obligations	3,317	3,509
Accrued expenses	40,942	39,980
Accrued income taxes and other taxes	11,109	12,980
Allowance for bonuses to employees	16,886	9,659
Allowance for bonuses to directors and audit and supervisory board members	343	203
Provision for compensation for completed construction	1,191	1,231
Provision for stock-based compensation	138	100
Advances received	38,798	55,210
Other	37,511	42,679
Total current liabilities	299,050	339,850
Long-term liabilities		
Bonds	10,036	10,027
Long-term debt less current portion	7,966	8,731
Lease obligations	7,016	6,731
Deferred tax liabilities	4,750	3,854
Liability for retirement benefits	46,501	43,328
Provision for stock-based compensation	282	357
Other	5,774	5,561
Total long-term liabilities	82,328	78,593
Total liabilities	381,379	418,444
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,031	109,037
Retained earnings	374,101	383,922
Treasury stock, at cost	-42,461	-42,734
Total shareholders' equity	540,673	550,227
Accumulated other comprehensive income:		
Unrealized holding gain on securities	46,346	31,253
Deferred loss on hedges	-49	-15
Unrealized gain on land revaluation	321	321
Translation adjustments	3,116	1,703
Retirement benefit adjustments	-2,643	-3,016
Total accumulated other comprehensive income	47,092	30,246
Stock acquisition rights	271	166
Non-controlling interests	24,720	25,200
Total net assets	612,757	605,842
Total liabilities and net assets	994,137	1,024,286

(2) Consolidated Statements of Income and Statement of Comprehensive Income

Consolidated Statements of Income

First 9 months, Fiscal Year 2018

(Millions of Yen)

	First 9 Months, Fiscal 2017 (From April 1, 2017 to December 31, 2017)	First 9 Months, Fiscal 2018 (From April 1, 2018 to December 31, 2018)
Net sales	791,616	829,036
Cost of sales	533,376	563,028
Gross profit	258,240	266,007
Selling, general and administrative expenses	195,824	206,487
Operating Income	62,416	59,519
Non-operating income		
Interest income	698	814
Dividends income	3,936	4,429
Equity in earnings of affiliates	1,310	1,059
Foreign exchange gain, net	158	1,542
Miscellaneous income	3,154	1,836
Total non-operating income	9,258	9,683
Non-operating expenses		
Interest expenses	404	419
Sales discounts	312	308
Miscellaneous expenses	6,677	9,152
Total non-operating expenses	7,393	9,880
Ordinary income	64,280	59,322
Extraordinary income		
Gain on sales of investments in securities	-	1,826
Gain on sales of property, plant and equipment	2,469	—
Total extraordinary income	2,469	1,826
Extraordinary loss		
Loss on impairment of fixed assets	284	997
Loss on sales or disposal of property, plant and equipment	894	943
Total extraordinary loss	1,178	1,941
Income before income taxes	65,572	59,208
Income taxes	18,511	15,568
Net income	47,060	43,639
Net income attributable to:		
Non-controlling interests	2,761	1,640
Owners of the parent	44,298	41,999

Consolidated Statements of Income
Third Quarter, Fiscal Year 2018

(Millions of Yen)

	Third Quarter, Fiscal 2017 (From October 1, 2017 to December 31, 2017)	Third Quarter, Fiscal 2018 (From October 1, 2018 to December 31, 2018)
Net sales	257,480	274,124
Cost of sales	173,119	186,353
Gross profit	84,360	87,771
Selling, general and administrative expenses	67,944	70,416
Operating income	16,415	17,354
Non-operating income		
Interest income	231	290
Dividend income	476	416
Miscellaneous income	801	390
Total non-operating income	1,509	1,097
Non-operating expenses		
Interest expenses	136	178
Sales discounts	114	109
Equity in losses of affiliates	138	45
Foreign exchange loss, net	28	578
Miscellaneous expenses	1,829	4,079
Total non-operating expenses	2,248	4,990
Ordinary income	15,677	13,461
Extraordinary income		
Gain on sales of investments in securities	-	1,826
Total extraordinary income	-	1,826
Extraordinary loss		
Loss on impairment of fixed assets	-	806
Loss on sales or disposal of property, plant and equipment	272	306
Total extraordinary loss	272	1,113
Income before income taxes	15,405	14,174
Income taxes	4,801	4,219
Net income	10,604	9,955
Net income attributable to:		
Non-controlling interests	512	528
Owners of the parent	10,092	9,427

Consolidated Statement of Comprehensive Income
First 9 months, Fiscal Year 2018

(Millions of Yen)

	First 9 Months, Fiscal 2017 (From April 1, 2017 to December 31, 2017)	First 9 Months, Fiscal 2018 (From April 1, 2018 to December 31, 2018)
Net income	47,060	43,639
Other comprehensive income (loss)		
Unrealized holding loss (gain) on securities	11,628	-14,629
Deferred gain on hedges	6	39
Translation adjustments	10,590	-1,474
Retirement benefit adjustments	-1,128	-318
Comprehensive loss (income) of affiliates accounted for by the equity method attributable to the Company	695	-548
Total other comprehensive loss (income)	21,793	-16,930
Comprehensive income	68,853	26,708
Comprehensive income attributable to:		
Owners of the parent	65,343	25,153
Non-controlling interests	3,509	1,555

(3)Consolidated Statements of Cash Flows

First 9 months, Fiscal Year 2018 (Millions of Yen)

	First 9 Months, Fiscal 2017 (From April 1, 2017 to December 31, 2017)	First 9 Months, Fiscal 2018 (From April 1, 2018 to December 31, 2018)
Operating activities:		
Income before income taxes	65,572	59,208
Adjustment for:		
Depreciation and amortization	26,806	28,157
Amortization of goodwill	1,732	2,137
Loss on impairment of fixed assets	284	997
Loss on disposal of property, plant and equipment	739	902
Loss (gain) on sales of property, plant and equipment, net	-2,315	40
Decrease in liability for retirement benefits	-1,615	-3,252
Gain on sales of investments in securities	-	-1,826
Decrease in reserve for bonuses	-7,528	-7,272
Interest and dividends income	-4,634	-5,244
Interest expenses	716	728
Equity in earnings of affiliates	-1,310	-1,059
Decrease in notes and accounts receivable	3,522	3,548
Increase in inventories	-26,290	-29,403
Decrease in notes and accounts payable	-10,111	-4,358
Increase in advances received	14,444	16,417
Other	-5,194	-4,052
Subtotal	54,816	55,666
Interest and dividends received	5,321	6,010
Interest paid	-741	-689
Income taxes paid	-20,363	-15,290
Net cash provided by operating activities	39,032	45,697
Investing activities:		
Purchases of property, plant and equipment	-33,904	-46,996
Proceeds from sales of property, plant and equipment	3,929	646
Payments into time deposits	-222	-947
Proceeds from withdrawal of time deposits	19,366	1,758
Purchases of investments in securities	-7,434	-2,824
Proceeds from sales or redemption of investments in securities	820	2,647
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-22,019	-
Acquisitions of investments in subsidiaries	-727	-1,743
Purchases of intangible assets	-3,035	-4,230
Decrease (increase) in short-term loans receivable	-818	4,651
Other	766	-342
Net cash used in investing activities	-43,280	-47,380
Financing activities:		
Increase in short-term debt, net	21,440	19,938
Repayments of lease obligations	-2,892	-2,848
Increase in commercial paper	19,000	9,000
Proceeds from long-term debt	1,831	1,800
Repayment of long-term debt	-2,631	-3,286
Payment for redemption of bonds	-8	-8
Cash dividends paid	-18,143	-19,719
Cash dividends paid to non-controlling interests	-802	-887
Purchase of treasury stock	-13,261	-12,868
Other	1,041	485
Net cash used in (provided by) financing activities	5,573	-8,394
Effect of exchange rate changes on cash and cash equivalents	2,327	-108
Net decrease (increase) in cash and cash equivalents	3,652	-10,185
Cash and cash equivalents at beginning of term	89,856	76,723
Increase in cash and cash equivalents from newly consolidated subsidiaries	644	403
Cash and cash equivalents at end of term	94,152	66,942

(4) Notes to Consolidated Financial Statements

(Notes regarding the premise of a going concern)

No significant changes during the term under review.

(Significant Change in Shareholder Equity)

No significant change during the term under review.

(Application of special accounting methods for the preparation of quarterly consolidated financial statements)

Estimated tax expenses

The tax rate used in the consolidated financial statement for the consolidated fiscal year, including for the third quarter under review, is a reasonable estimate based on the estimated effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the full year and for the quarter under review. Deferred income taxes are included in the income tax amount.

(Additional Information)

Application of Partial Amendments to the Accounting Standard for Tax Effect Accounting

Effective from the first quarter of FY2018, the fiscal year ending March 31, 2019, The Company has applied the partial amendments to the accounting standard for tax effect accounting (the Accounting Standards Board of Japan (ASBJ) Guidance No.28 revised on February 16, 2018). Moreover, deferred tax assets have been classified as investments and other assets and deferred tax liabilities as long-term liabilities.

(Segment Information)

I. Consolidated First 9 Months, Fiscal 2018 (April 1, 2018 to December 31, 2018)

1. Information as to sales and income (loss) on each reportable segment

(Millions of Yen)

	Reportable Segments				Other (Note)	Consolidated
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Sales:						
(1) Sales to third parties	357,406	161,658	305,919	824,983	4,052	829,036
(2) Intersegment sales or tranfers	86	9,729	6,096	15,911	206	16,117
Net Sales	357,492	171,387	312,015	840,895	4,258	845,154
Segment income (loss)	20,030	8,353	41,841	70,225	-8,952	61,273

Note: Other represents segments other than the reportable segments, which includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the Company's reportable segments.

2. Difference between the total amount of the reportable segments in income (loss) and the corresponding amount reported in the quarterly consolidated financial statements

Income	(Millions of Yen)
Total of reportable segments	70,225
Other loss	-8,952
Eliminations	-140
Corporate expenses (Note)	-1,613
Total operating income reported in the quarterly consolidated statements of income	59,519

Note: Corporate expenses are mainly general administrative expenses not attributable to each reportable segment.

3. Regional Information

Net sales

	Japan	U.S.	Europe	Asia	Others	Total
Net sales (millions of yen)	609,008	61,519	47,148	100,498	10,860	829,036

II. Consolidated Third Quarter, Fiscal 2018 (October 1, 2018 to December 31, 2018)

1. Information as to sales and income (loss) on each reportable segment

(Millions of Yen)

	Reportable Segments				Other (Note)	Consolidated
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Sales:						
(1) Sales to third parties	110,601	57,335	104,703	272,641	1,482	274,124
(2) Intersegment sales or tranfers	27	3,048	1,822	4,898	77	4,976
Net Sales	110,629	60,384	106,526	277,539	1,560	279,100
Segment income (loss)	2,848	4,015	14,328	21,192	-3,284	17,908

Note: Other represents segments other than the reportable segments, which includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the Company's reportable segments.

2. Difference between the total amount of the reportable segments in income (loss) and the corresponding amount reported in the quarterly consolidated financial statements

Income	(Millions of Yen)
Total of reportable segments	21,192
Other loss	-3,284
Eliminations	5
Corporate expenses (Note)	-558
Total operating income reported in the quarterly consolidated statements of income	17,354

Note: Corporate expenses are mainly general administrative expenses not attributable to each reportable segment.

3. Regional Information

Net sales

	Japan	U.S.	Europe	Asia	Others	Total
Net sales (millions of yen)	199,512	20,519	14,919	35,579	3,594	274,124