



Change and Innovation
Create New Value

**MorganStanley MUFG
Chemicals Conference**

 **SUMITOMO CHEMICAL**

December 19, 2017

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Performance Trends

FY2017 1H vs. FY2016 1H

(Billions of yen)

	FY2016 1H	FY2017 1H	Change
Sales	900.5	1,054.1	+153.6
Operating Income	47.3	92.0	+44.8
(Equity in Earnings of Affiliates)	18.8	22.6	+3.8
Ordinary Income	50.6	115.0	+64.4
Net Income Attributable to Owners of the Parents	19.2	68.5	+49.3
Naphtha Price	¥31,500/kl	¥37,600/kl	
Exchange Rate	¥105.20/\$	¥111.04/\$	

FY2017 1H vs. FY2016 1H: Operating Income by Sector

(Billions of yen)

	FY2016 1H	FY2017 1H	Change	Reason for Change
Specialty Chemicals	45.4	72.5	+27.2	
Energy & Functional Materials	2.2	9.9	+7.7	Increased shipment volumes of resorcinol and SEP
IT-related Chemicals	2.5	8.7	+6.2	Increased shipment volumes of polarizing films and touchscreen panels
Health & Crop Sciences	12.9	5.6	-7.2	Lower methionine market prices
Pharmaceuticals	27.9	48.3	+20.5	Increased sales of Latuda
Bulk Chemicals	6.7	25.0	+18.3	
Petrochemicals & Plastics	6.7	25.0	+18.3	Improved margins of MMA and synthetic resins
Others	-4.8	-5.5	-0.8	
Total	47.3	92.0	+44.8	

FY2017 Forecast vs. FY2016

(Billions of yen)

	FY2016	FY2017 (Forecast)	Change
Sales	1,954.3	2,210.0	+255.7
Operating Income	134.3	185.0	+50.7
(Equity in Earnings of Affiliates)	41.2	43.0	+1.8
Ordinary Income	166.6	215.0	+48.4
Net Income Attributable to Owners of the Parents	85.5	120.0	+34.5
Naphtha Price	¥34,700/kl	¥37,300/kl	
Exchange Rate	¥108.34/\$	¥110.52/\$	

FY2017 Forecast vs. FY2016: Operating Income by Sector

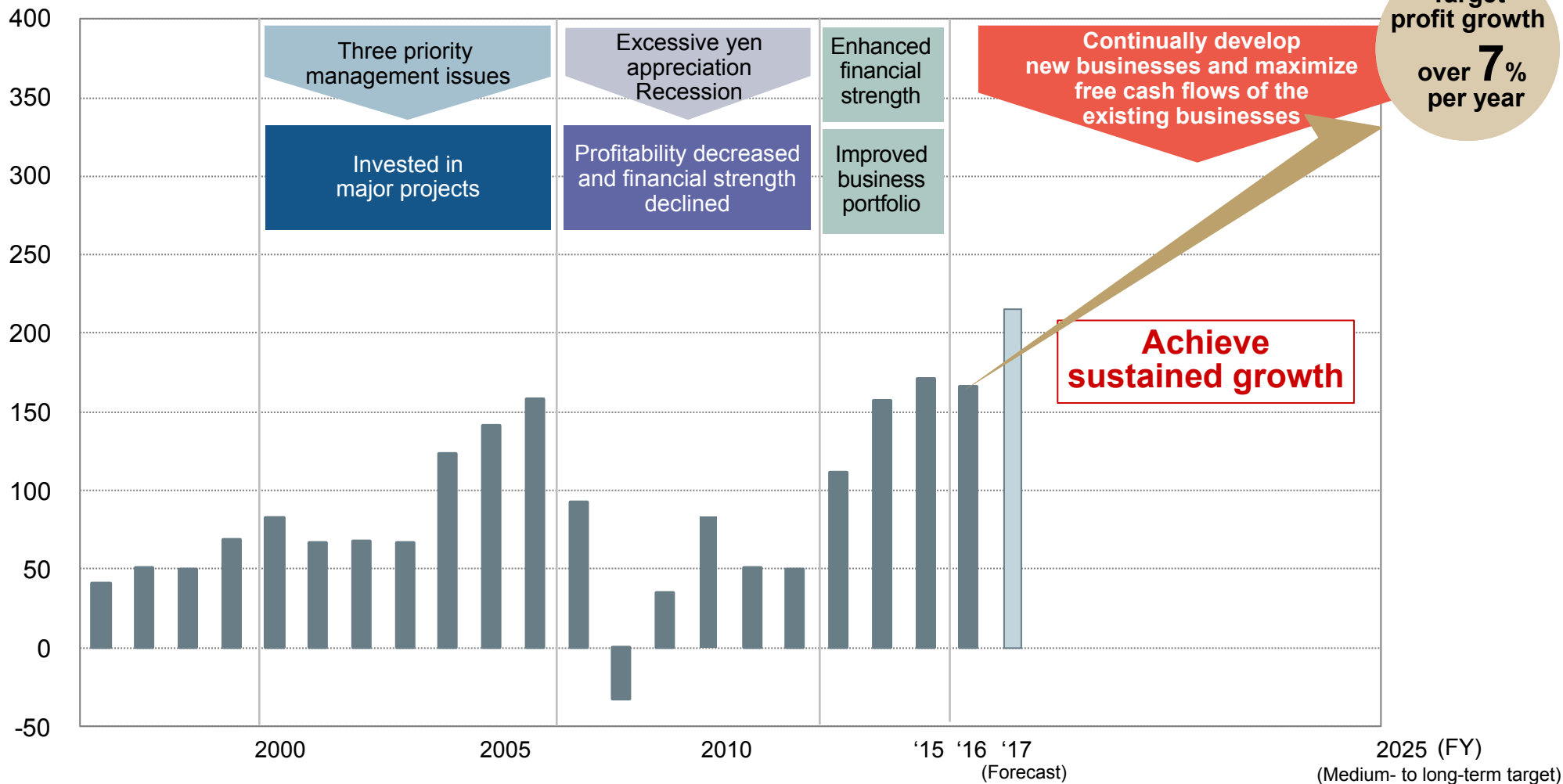
(Billions of yen)

	FY2016	FY2017 (Forecast)	Change	Reason for Change
Specialty Chemicals	118.8	160.0	+41.2	
Energy & Functional Materials	7.2	15.0	+7.8	Increased shipment volumes of resorcinol and SEP
IT-related Chemicals	10.3	21.0	+10.7	Increased shipment volumes of polarizing films and touchscreen panels
Health & Crop Sciences	46.2	50.0	+3.8	Increased shipment volumes of crop protection chemicals
Pharmaceuticals	55.1	74.0	+18.9	Increased sales of Latuda
Bulk Chemicals	26.6	37.0	+10.4	
Petrochemicals & Plastics	26.6	37.0	+10.4	Improved margins of MMA and synthetic resins
Others	-11.0	-12.0	-1.0	
Total	134.3	185.0	+50.7	

What Sumitomo Chemical Strives To Be: Ten Years Ahead

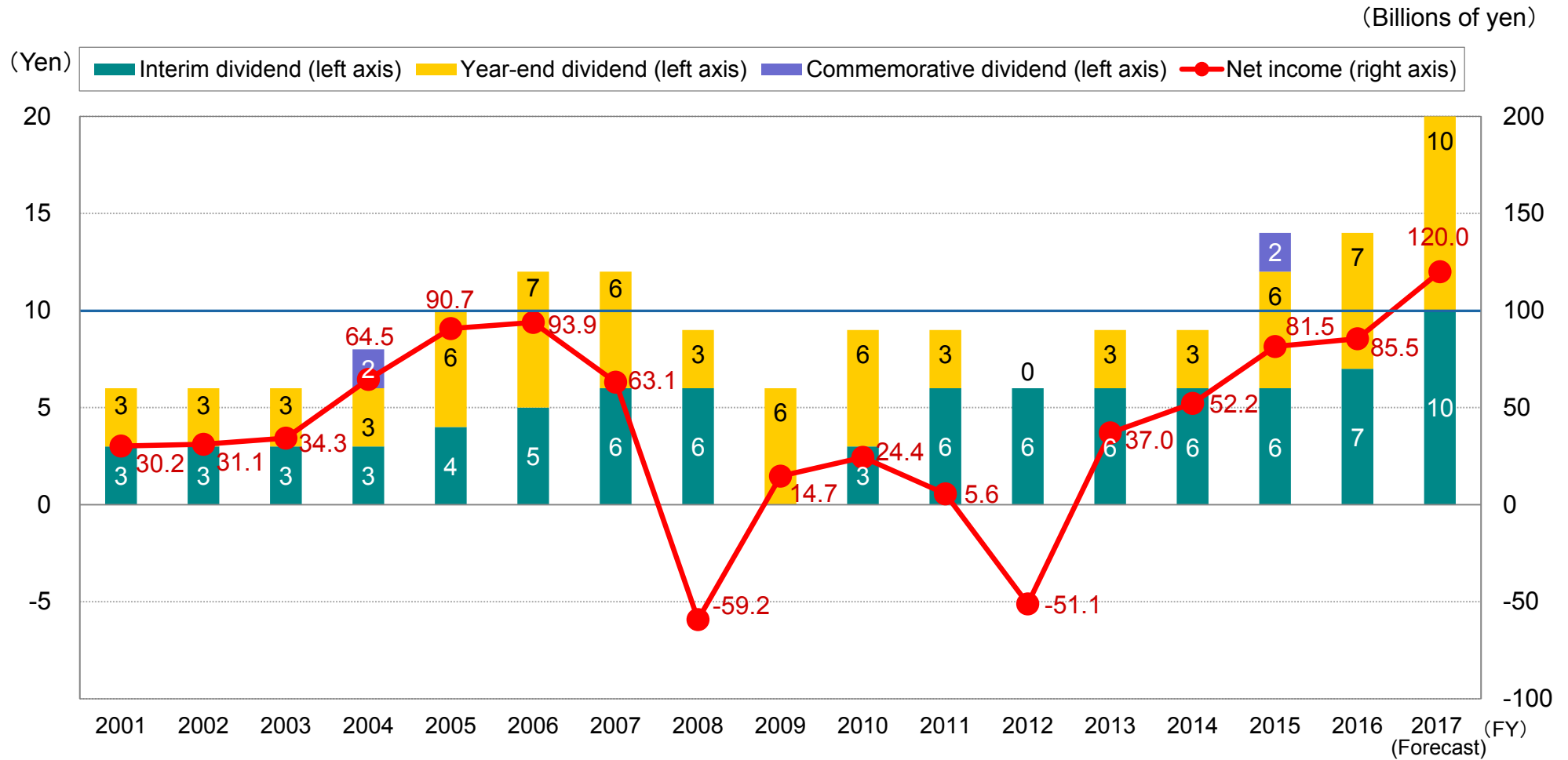
Trend of Ordinary Income

(Billions of yen)



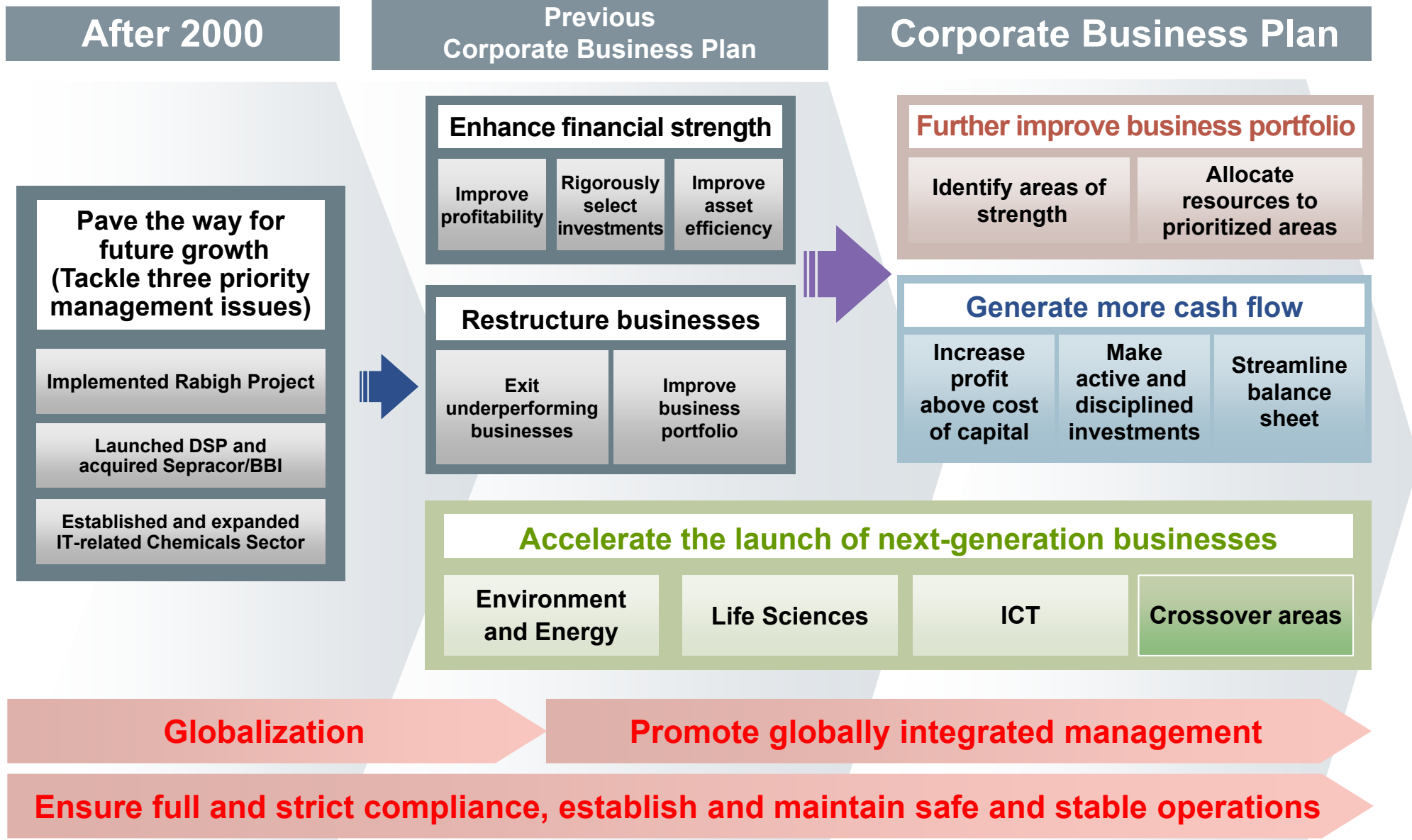
Dividend Policy

We consider shareholder return as one of our priority management issues and have made it a policy to maintain stable dividend payment, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors.



Business Strategy

Corporate Business Plan: Basic Policy



Corporate Business Plan: Performance Targets

(Billions of yen)

	FY2017 (Forecast)	FY2018 (Corporate Business Plan)
Sales	2,210.0	2,540.0
Operating Income	185.0	200.0
(Equity in Earnings of Affiliates)	43.0	29.0
Ordinary Income	215.0	210.0
Net Income Attributable to Owners of the Parents	120.0	110.0
Naphtha Price	¥37,300/kl	¥45,000/kl
Exchange Rate	¥110.52/\$	¥120.0/\$

Corporate Business Plan: Performance Targets by Sector

(Billions of yen)

	FY2017 (Forecast)	FY2018 (Corporate Business Plan)
Specialty Chemicals	160.0	192.0
Energy & Functional Materials	15.0	18.0
IT-related Chemicals	21.0	34.0
Health & Crop Sciences	50.0	86.0
Pharmaceuticals	74.0	54.0
Bulk Chemicals	37.0	21.0
Petrochemicals & Plastics	37.0	21.0
Others	-12.0	-13.0
Total	185.0	200.0

Corporate Business Plan: Medium- to Long-term vs. FY2018 Performance Targets

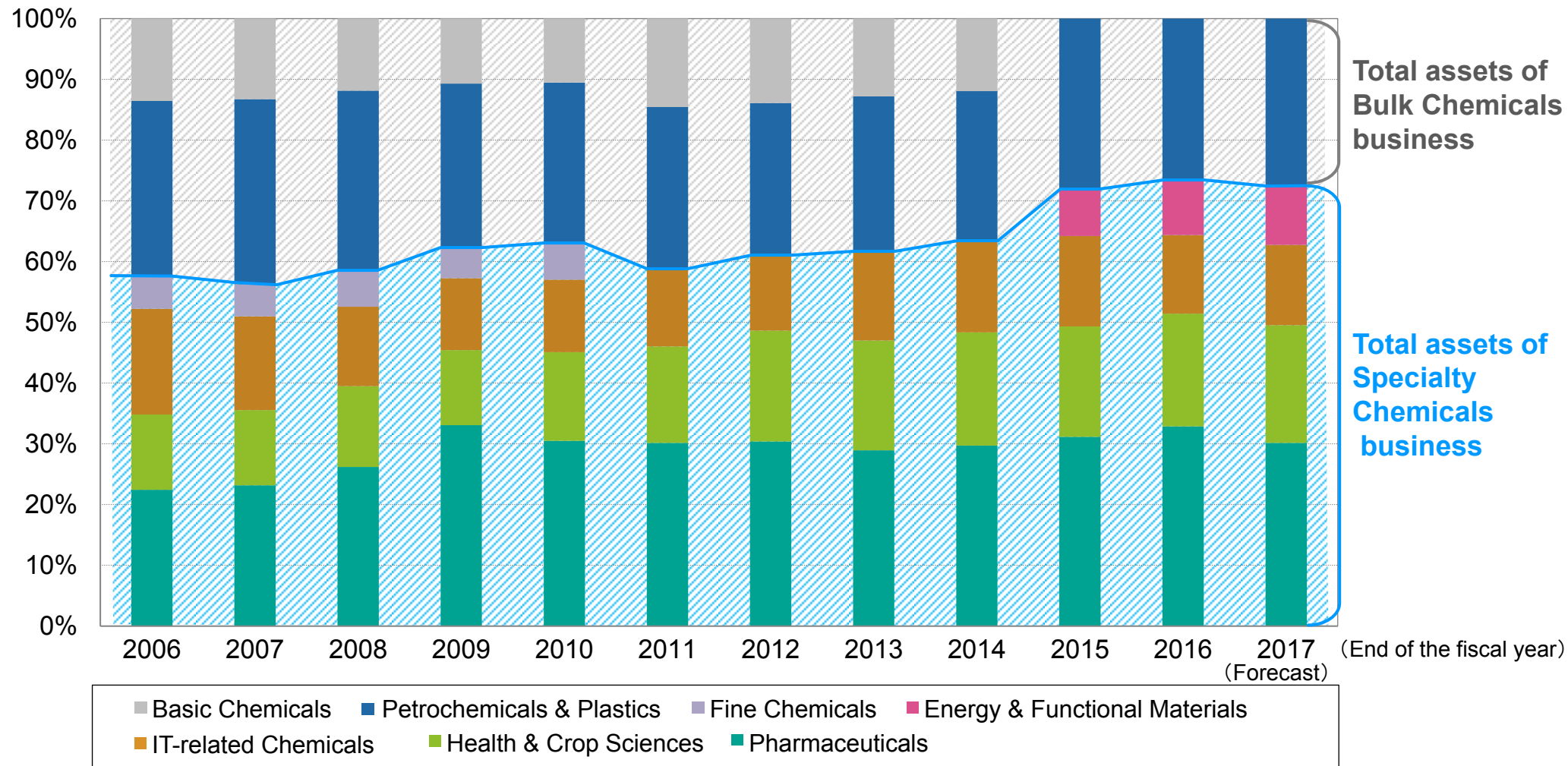
	Medium- to Long-term Targets Consistently achieve the following targets:	FY2018 Corporate Business Plan	(Reference) FY2017 Forecast
ROE	over 10%	12%	14%
ROI	over 7%	7%	8%
D/E Ratio	approx. 0.7 times	0.6-0.7 times* ²	0.7 times
Dividend Payout Ratio	approx. 30%	–	27%
Profit Growth*¹	over 7% per year	11% per year	–

*1 Compounded annual growth rate of net income from the last year of the previous Corporate Business Plan

*2 Including the effects of strategic M&A investments

Changes in Our Business Portfolio

Changes in Asset Structure*

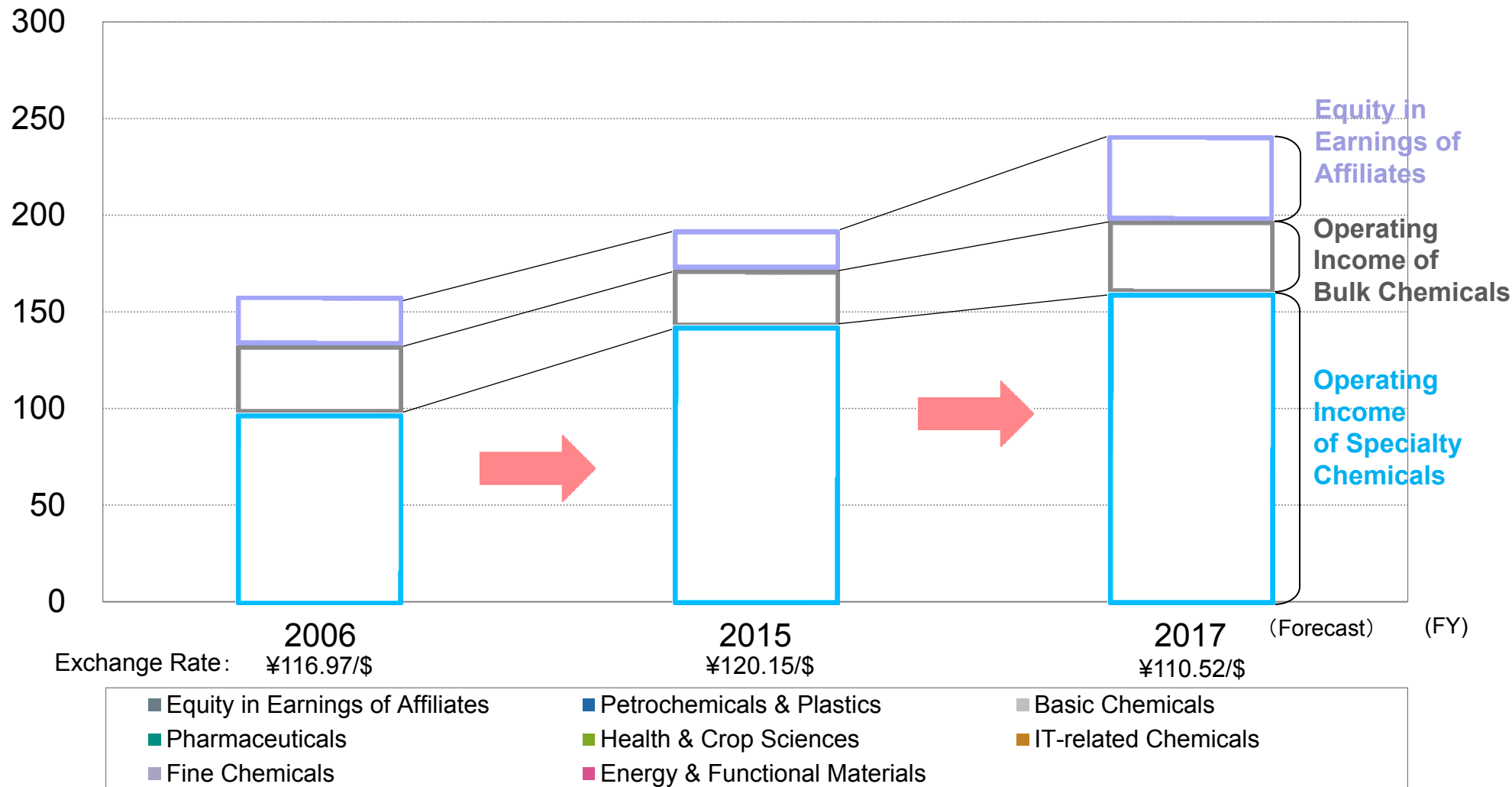


* Excluding Others and Eliminations

Changes in Our Business Portfolio

Composition of Record-High Profits (Operating Income + Equity in Earnings of Affiliates)*

(Billions of yen)



* Excluding the "Others" sector and eliminations

Business Strategy by Sector

- **Petrochemicals & Plastics**
- **Energy & Functional Materials**
- **IT-related Chemicals**
- **Health & Crop Sciences**
- **Pharmaceuticals**

Business Strategy by Sector

- **Petrochemicals & Plastics**
 - Energy & Functional Materials
 - IT-related Chemicals
 - Health & Crop Sciences
 - Pharmaceuticals

Petrochemicals & Plastics:

Globalization Leveraging the Features of Our Three Centers

Saudi Arabia

Sales: ¥220.0 billion*1

Features: Cost-competitive profit center leveraging low-cost feedstock

*1: Sales for the Petrochemicals & Plastics business, not including revenues from the Rabigh Phase II Project



Japan

Sales: ¥320.0 billion

Features: Mother plant & mother research center leading the development of technology, products and know-how



Singapore

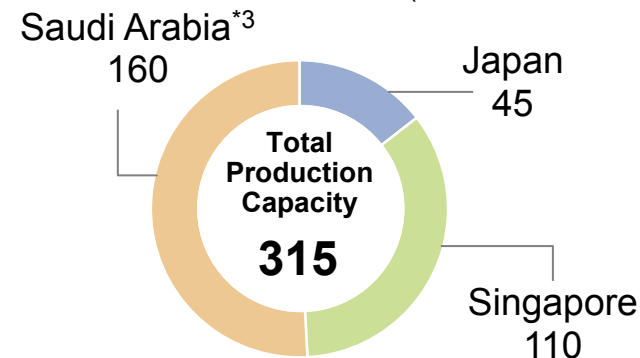
Sales: ¥330.0 billion*2

Features: Center for high added value strategy, with strong relations with blue-chip customers



Ethylene Production Capacity by Location

(Units: 10,000 tons)



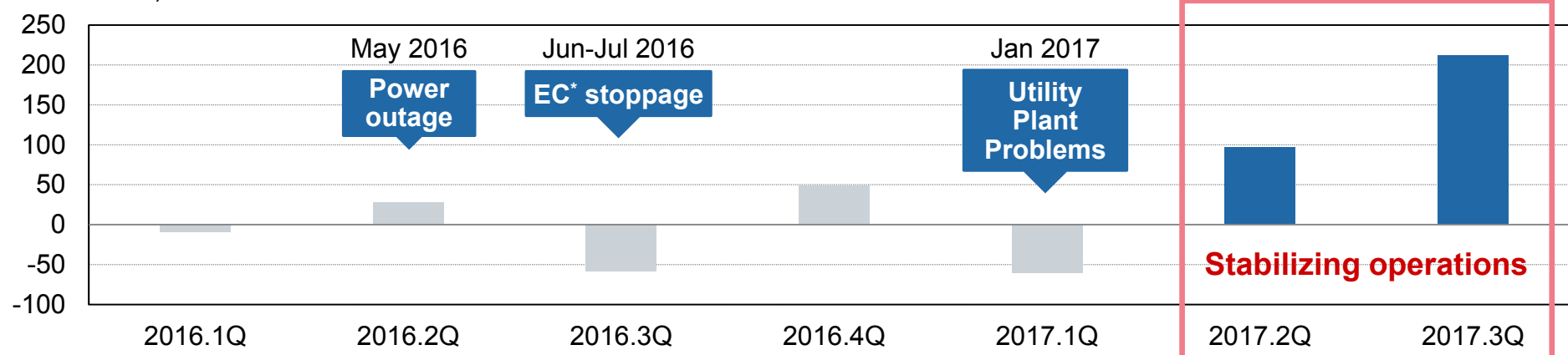
*2: Including outside sales of PCS

*3: Including the production capacity of the Rabigh Phase II Project

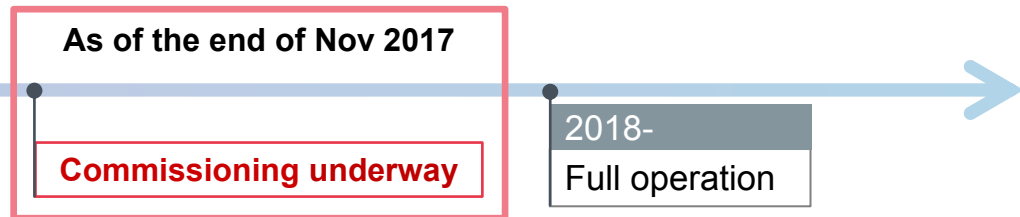
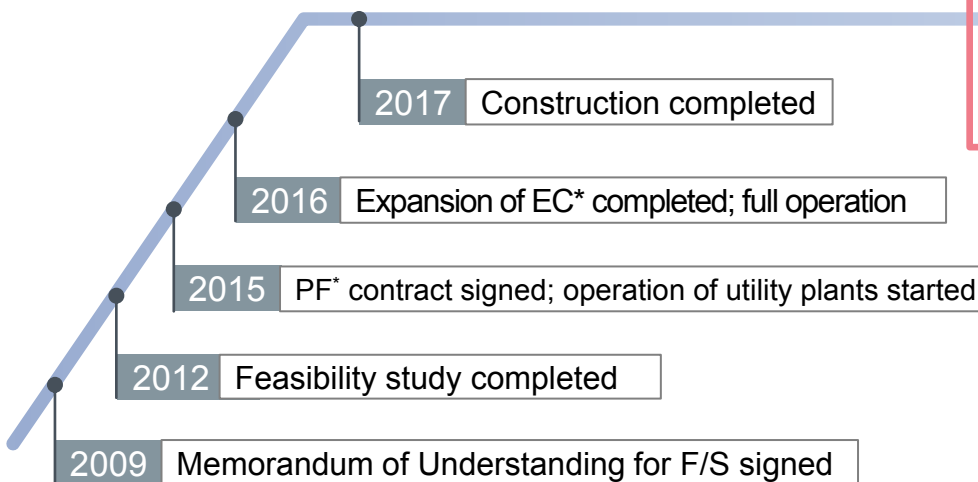
Current Status of the Rabigh Project (Saudi Arabia)

Quarterly Net Income/Loss

(Millions of dollars)



Progress of the Phase II Project



* EC: ethane cracker PF: project finance

Progress in Enhancing Competitiveness (Singapore)

PCS's strengths

- Top-class cost competitiveness (naphtha-based)
- Strong track record of safe and stable operation



TPC's strengths

- Strong customer relations
- Strong track record of safe and stable operation
- High-value added products taking a large share in its product portfolio (approx. 70%)



Policies to Enhance Competitive Strength

2006	Propylene plant started operation (metathesis process)
2014	Second butadiene plant started operation
2017	Naphtha storage tanks expanded
2018 (planned)	Increased compressor efficiency

Policies to Enhance Competitive Strength

2006	Production line changeover (standard-grade PE → terpolymer)
2007	Launch of HEVA for use in solar cells
2009	Launch of PP for use in capacitors
2016	Production line modification (co-production of terpolymer and random copolymer for use in food packaging)
2018 (planned)	Launch of PP for use in separators

Maintain and enhance top-class competitiveness as naphtha-based plants

Business Strategy by Sector

- Petrochemicals & Plastics
- **Energy & Functional Materials**
- IT-related Chemicals
- Health & Crop Sciences
- Pharmaceuticals

Sumitomo Chemical Products for Automobiles

Major Products for Automobiles

Plastics

- PP
- PP compound
- TPE
- PMMA
- ABS resin
- EPDM

- Aluminum

- Electrodeposition Paint



- Petrochemicals & Plastics Sector Products
- Energy & Functional Materials Sector Products
- ↗ Businesses where high growth is expected

Super Engineering Plastics

- PES (engine and transmission components) ↗
- LCP (external panels, pipe-related components, relays) ↗

Li-Ion Battery Components

- Separators ↗
- Cathode Materials ↗
- High Purity Alumina

Tire-related products

- Resorcinol (tires)
- S-SBR ↗

**Sumitomo Chemical Group's sales for automotive-related products:
¥200.0 billion (fiscal 2017)**


Developing Various Products for Automobiles

Major Products for Automobiles in Energy & Functional Materials Sector



- EPDM

- Aluminum





 Businesses where high growth is expected


Super Engineering Plastics

- PES (engine and transmission components) 
- LCP (external panels, pipe-related components, relays) 

Li-Ion Battery Components

- Separators 
- Cathode Materials 
- High Purity Alumina

Tire-related products

- Resorcinol (tires)
- S-SBR 

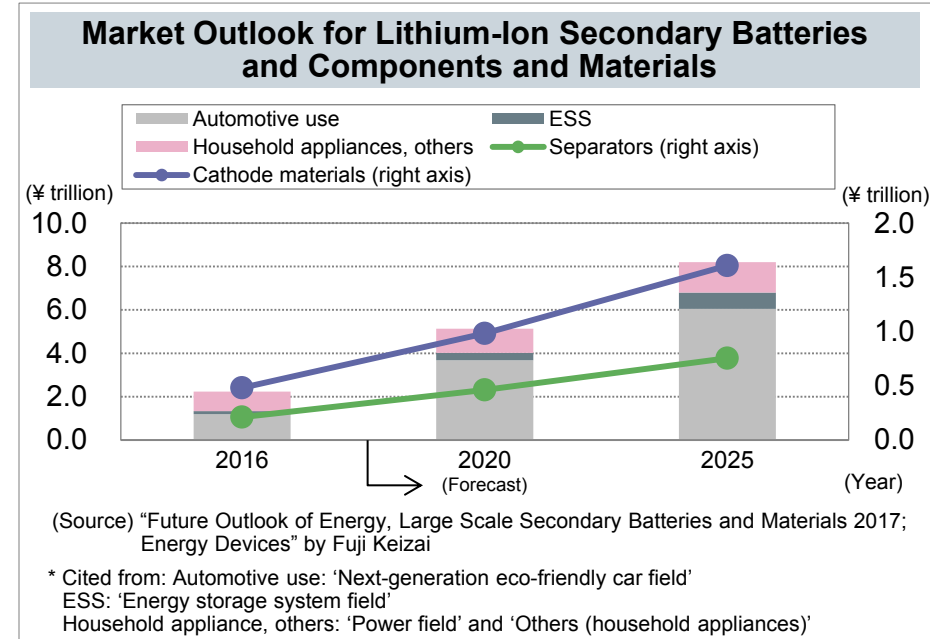
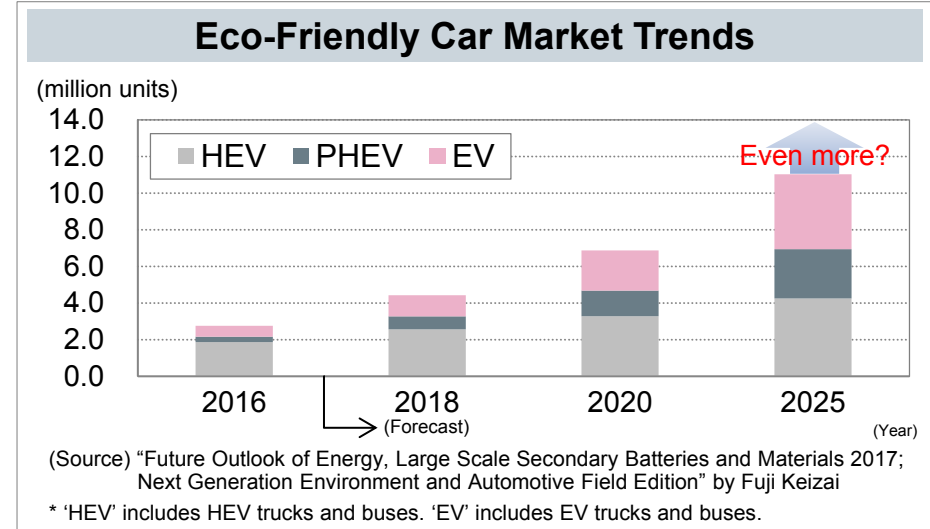
**Sumitomo Chemical Group's sales for automotive-related products:
¥200.0 billion (fiscal 2017)**

Energy & Functional Materials: Market Trends for Eco-Friendly Cars

Automobile manufacturers accelerating shift to eco-friendly cars

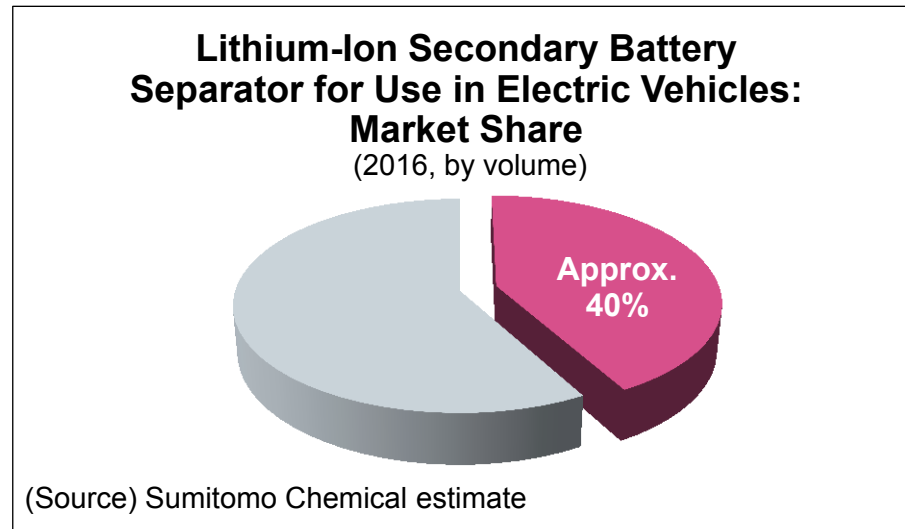
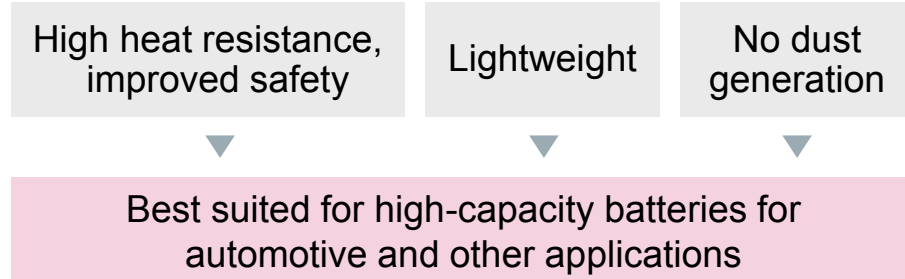
Automobile manufacturer	Share of eco-friendly car sales (Target)
VW	EV: 25%, 3 million units (2025)
BMW	EV/PHEV: 15-25% (2025)
Daimler	EV: 15-25% (2025)
Volvo	Eco-friendly cars: 100% (2019)
Tesla	EV: 100%, 500,000 units (2018)
Renault-Nissan	Eco-friendly cars: 30%, 4.7 million units (2022)
Honda	Eco-friendly cars: 2/3 (2030)
Toyota	HEV: 1.5 million units (by 2020)

(Source) Compiled by Sumitomo Chemical based on the Nikkei and others

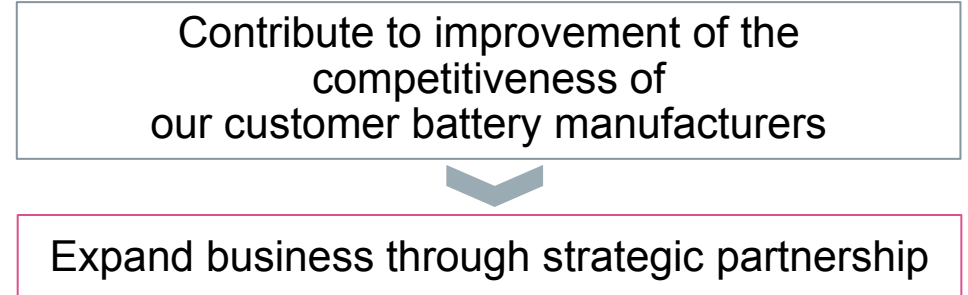


Lithium-Ion Secondary Battery Separator

Advantages of aramid coated separators (compared to ceramic separators)



Sumitomo Chemical's Business Strategy



Separator production capacity expansion plan

Production capacity: South Korea production capacity to be quadrupled

Start of operation: 1Q 2017; in stages

Separator production capacity



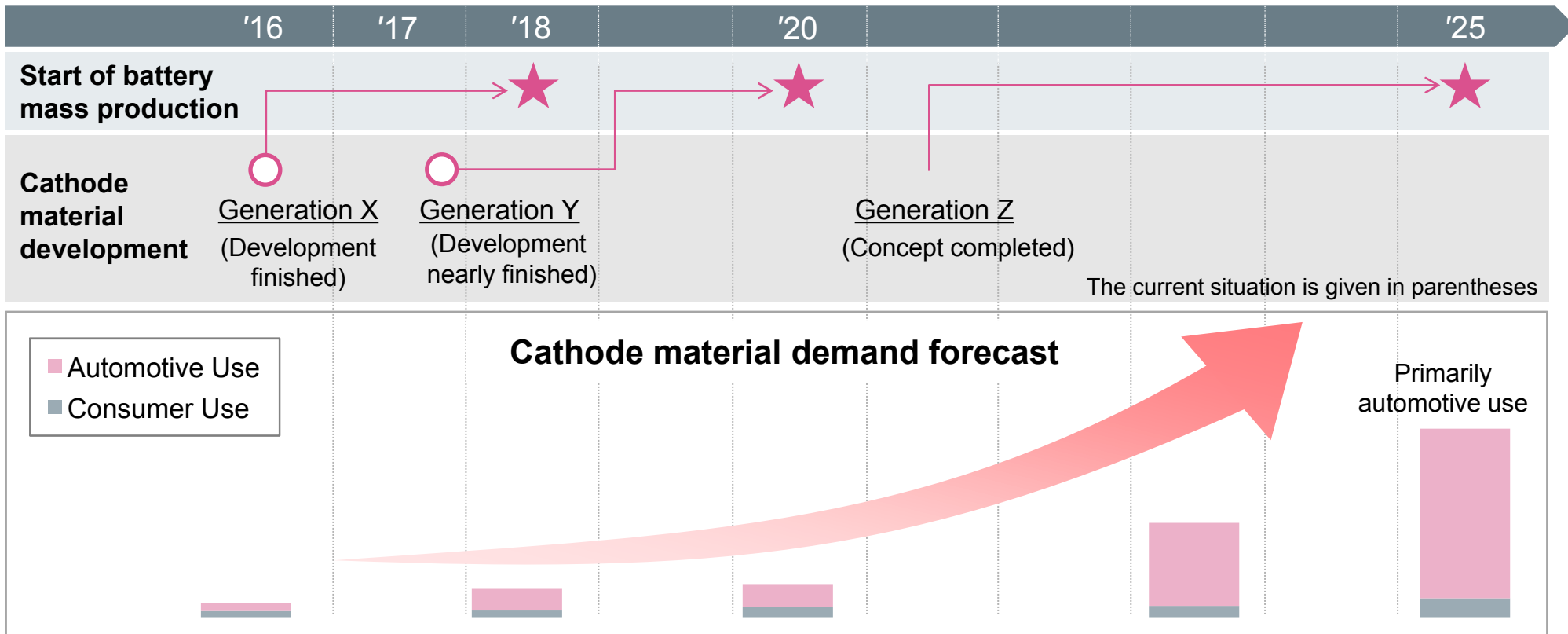
	Future
Japan	Approx. 100 million m ²
South Korea	Approx. 300 million m ²
Total	Approx. 400 million m ²

4 times vs. 2016

Accelerating shift to eco-friendly cars → **Utilize the advantages of aramid coated separators to build a strong position in the area of separators for automotive use**

Entry into the Cathode Materials Business

Cathode Materials: Development Schedule and Demand Forecast (Sumitomo Chemical estimate)

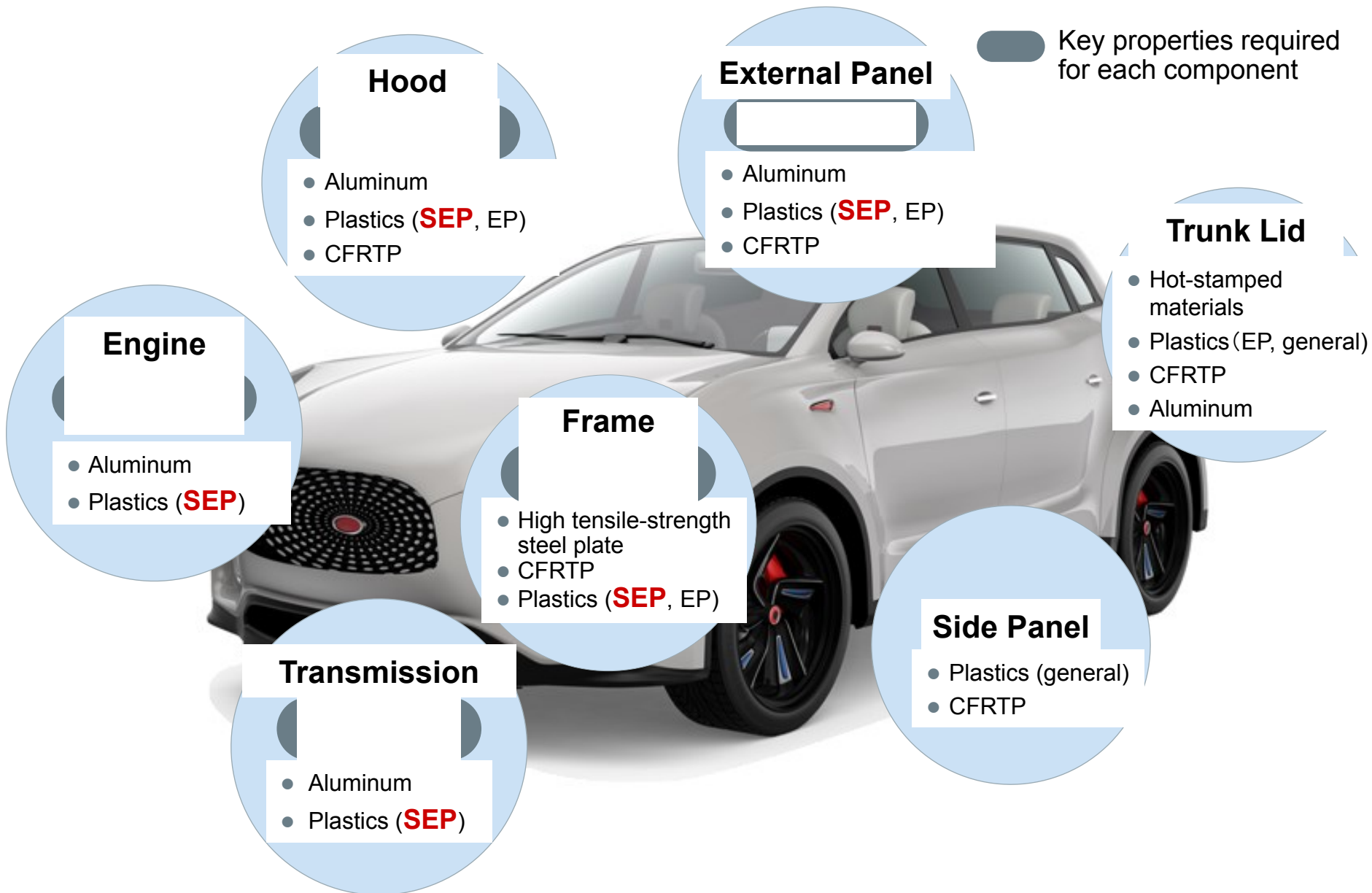


Entered the cathode materials business, with the aim of securing early adoption in automotive batteries, an area where demand is expected to grow sharply

August 2016 Acquired Tanaka Chemical Corp.* (2016 sales: ¥13.3 billion)

* Market leader in external sales of cathode material precursor




Required Functions for Automotive Components (Besides Weight Reduction)



Energy & Functional Materials:

Advantages of Super Engineering Plastics and Enhanced Production Capacity

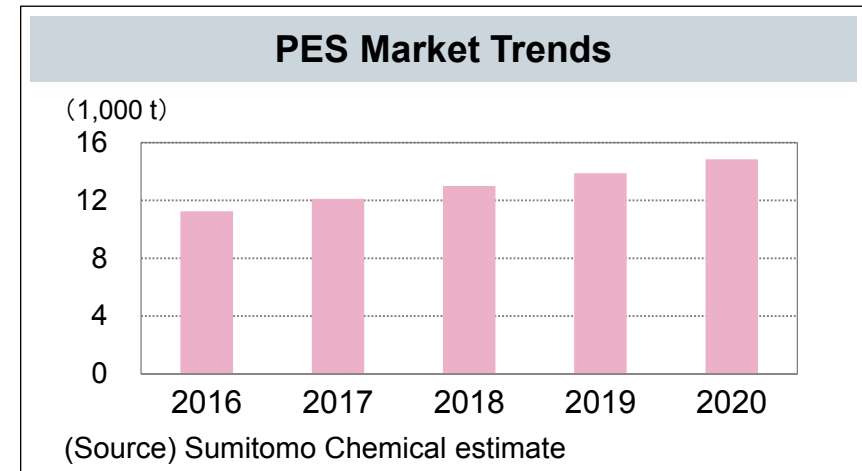
Advantages of Super Engineering Plastics Compared with General Use Engineering Plastics (beside weight reduction)

	General Use EP		SEP	
	PA66 (GF30%)	PC (GF30%)	PES (GF30%)	LCP (GF40%)
Heat resistance (softening point) 	× (80°C)	△ (130~145°C)	○ (220~230°C)	○ (300°C~)
Dimensional accuracy 	×	△	◎	○
Noise control 	×	×	×	○
Oil resistance	○	×	○	○
Material cost	○	○	△	△
Processing cost	○	○	○	◎

Applications requiring each property

 Hood, parts near the engine  Frame, transmission  External panels

PES Market and Sumitomo Chemical's Production Capacity



Plan for PES Production Capacity Expansion

Completion: Spring 2018

Production capacity increase: Approx. 3,000 tons/ year

Location: Chiba Works

Total production capacity after expansion:
Approx. 6,000 tons/ year

- Our unique polymer synthesis technology
- Compound technology
- Proposing applications leveraging the advantages of our SEP
- Proposing designs for parts to automobile and component manufacturers



Developing New Automotive Applications



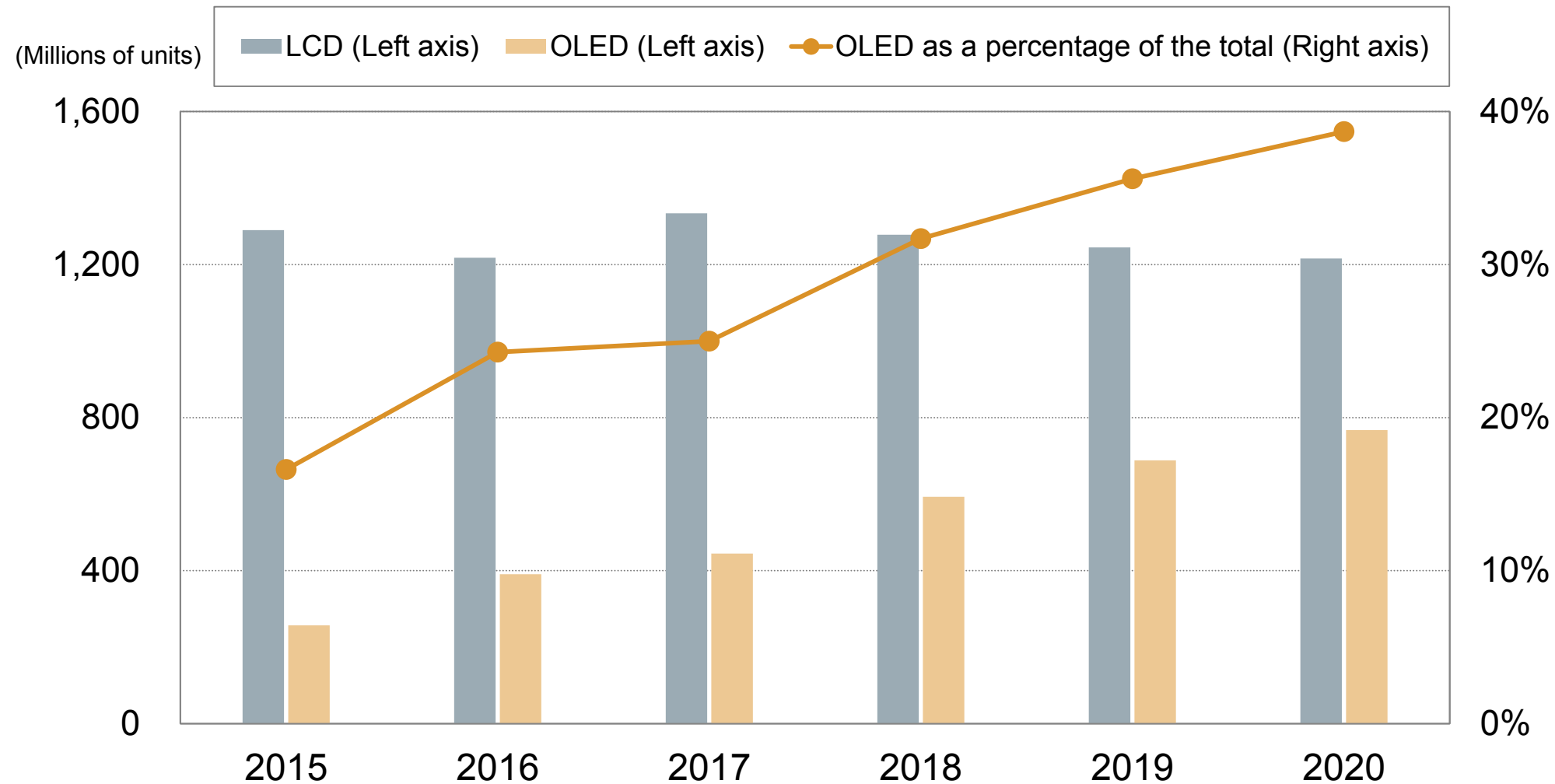
Increased Sales

Business Strategy by Sector

- Petrochemicals & Plastics
- Energy & Functional Materials
- **IT-related Chemicals**
- Health & Crop Sciences
- Pharmaceuticals

IT-related Chemicals: Mobile Display Market Trends

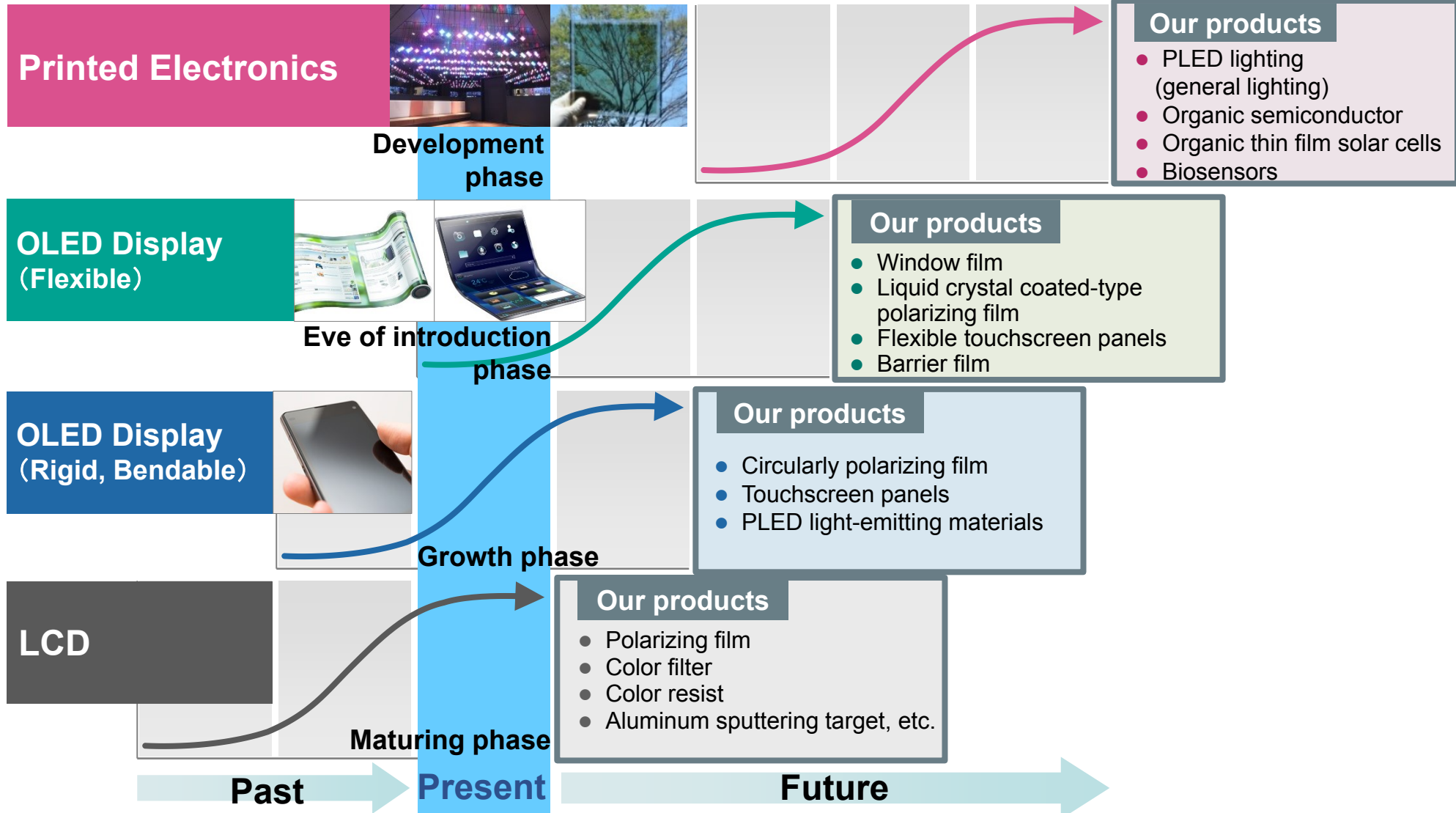
Shipment of Smartphone Panels



(Source) IHS Markit Technology

IT-related Chemicals:

Business Life Cycle Management in ICT Area



Develop the pipeline of next-generation businesses in anticipation of a generational shift in display technology

Commercialization of Polymer OLED Materials

LG Display's Plan for OLED Investment

Guangzhou Works, China

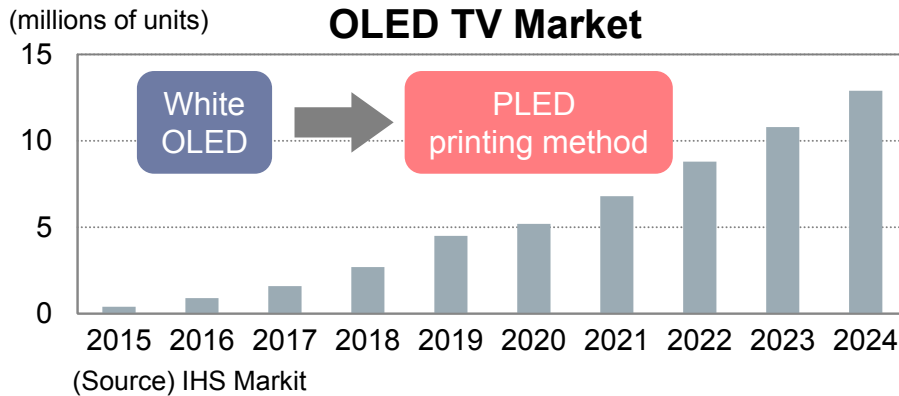
Substrate size: Gen 8.5
Investment amount:
2.6 trillion won*

*LG Displays's share in the investment:
70%.

Paju Works, South Korea

Substrate size: Gen 10.5
Investment amount:
2.8 trillion won

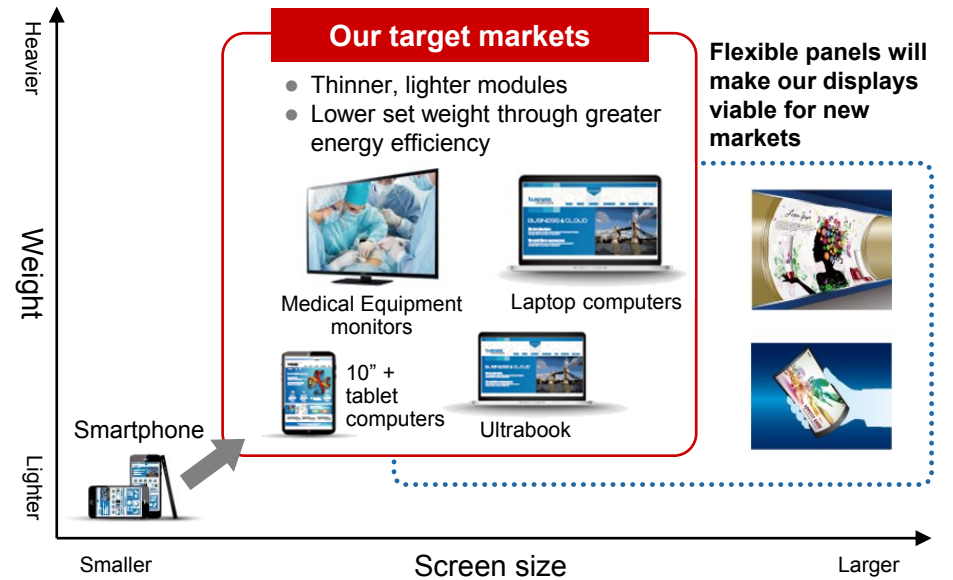
Increasing W-OLED production capacity and considering pilot production using PLED printing method



JOLED Starts Shipments of Mid-size OLED

Product: 21.6" 4K

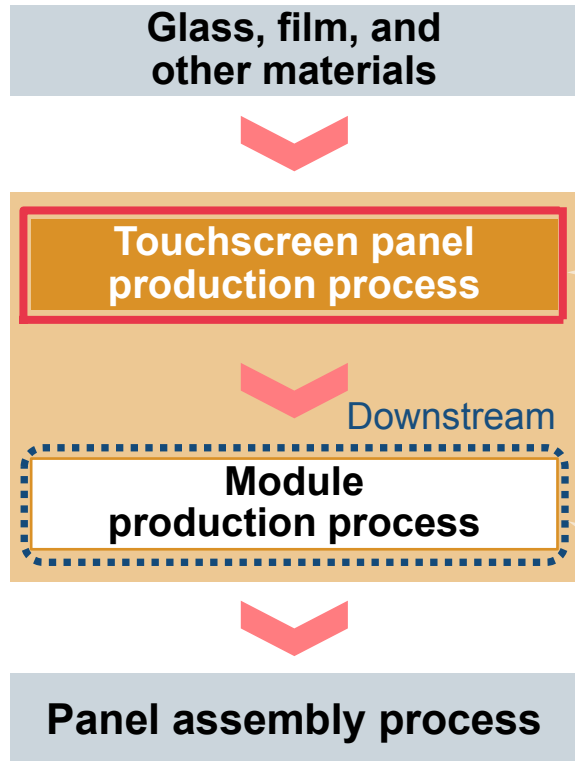
- Features:**
1. RGB printing method (polymer LED materials)
 2. Low power consumption (self-lighting)
 3. High picture quality (high brightness, high contrast)





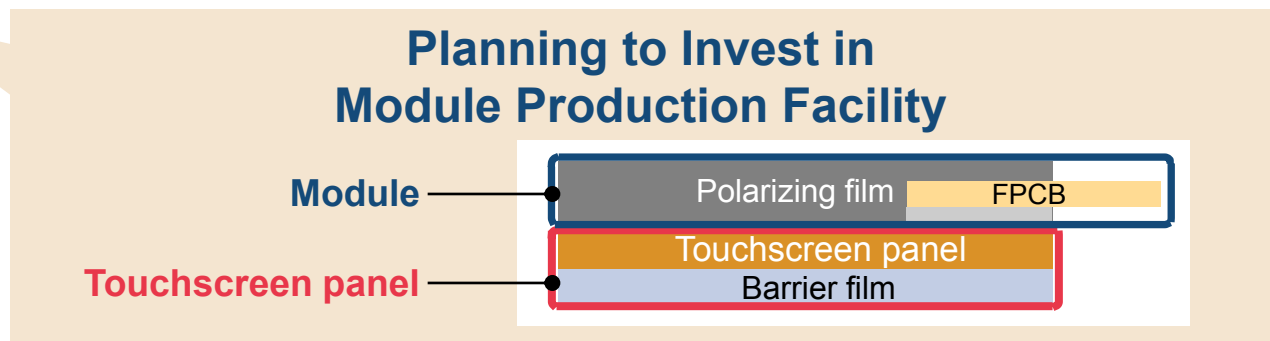
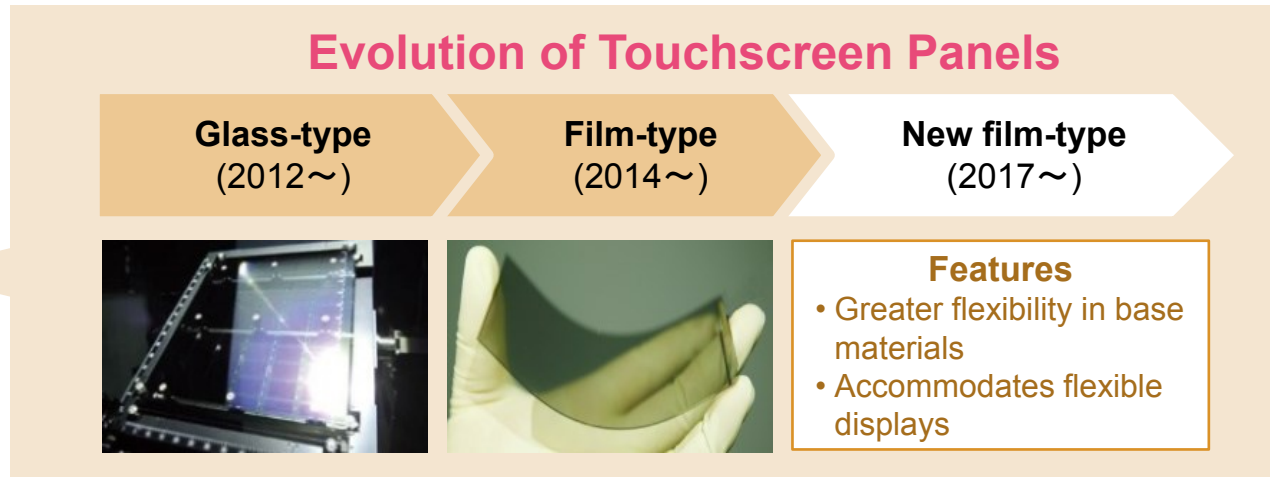
Display manufacturers are considering investment in large-scale commercial production facilities

Developing New Touchscreen Panels Products and Technologies

Supply Chain for Touchscreen Panels



 : Current business areas
 : Future business areas

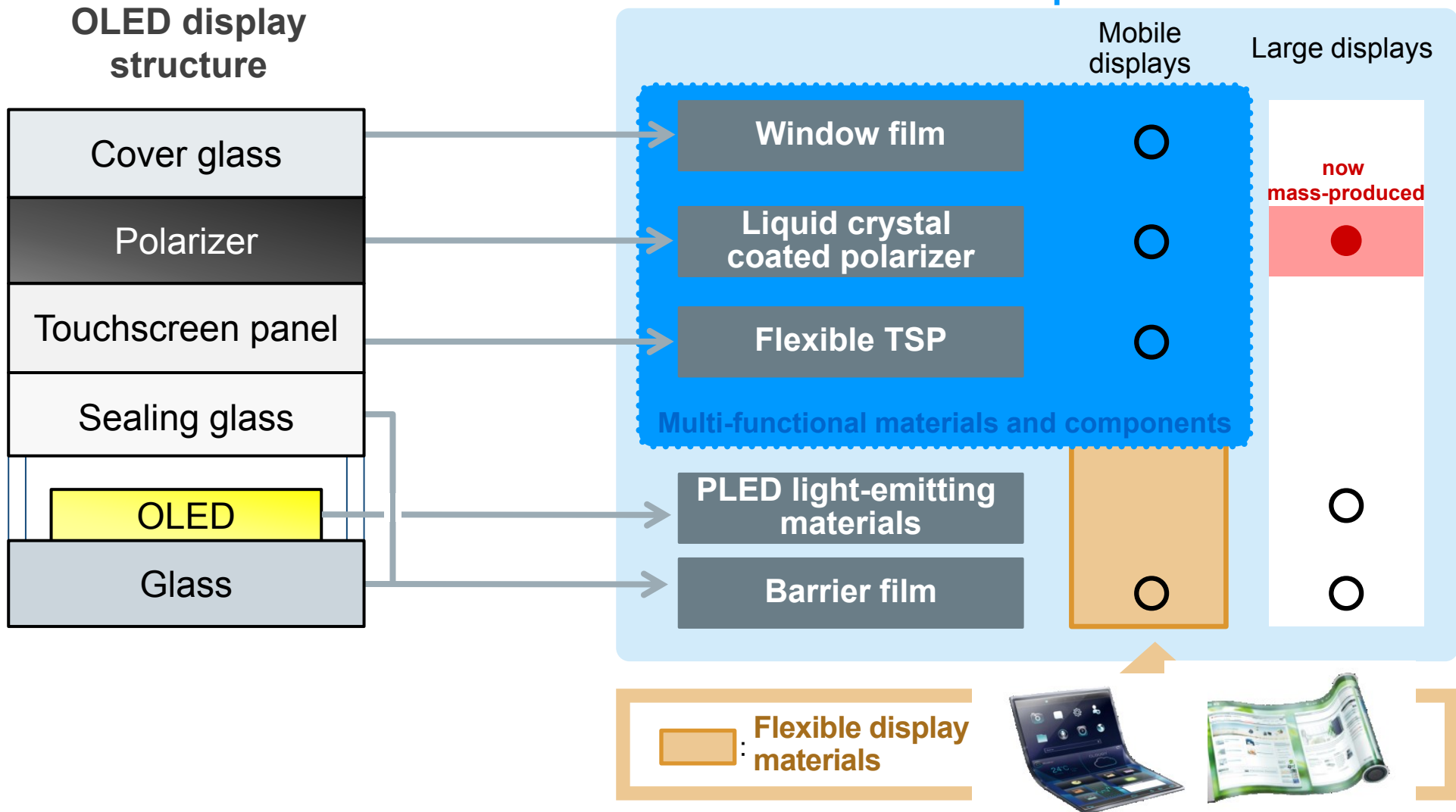


Meeting a broad range of customers needs and maintaining the top share in touchscreen panels

Current State of the OLED-related Materials Business

Sumitomo Chemical's OLED-related materials

SC's products



Semiconductor Technology Trends

	2016	2017	2018	2019	2020
DRAM Manufacturing Process	25nm & 21nm	21nm & 19nm	17nm	14/15nm	12nm
Number of 3D-NAND Layers	>30	>40	>60	>90	
LSI Manufacturing Process	10nm	7nm		<7nm	




Ultra-miniaturization and greater number of layers for higher circuit integration

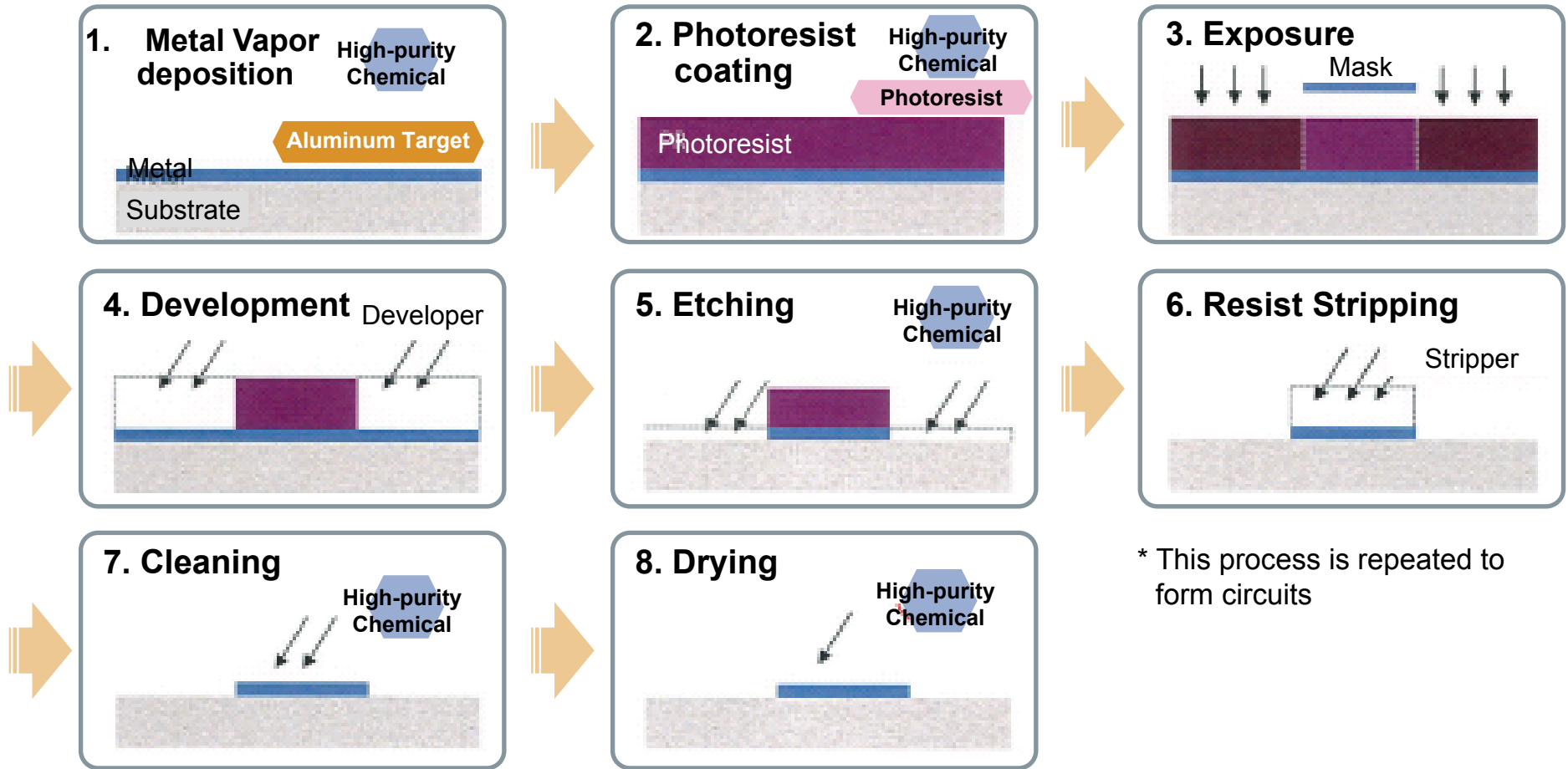


Trends in Semiconductor Materials Business

- Photoresists: Expanding share of immersion ArF in advanced markets
- High-purity chemicals: Accelerating demand for higher purity

Chemicals for Semiconductor Manufacturing

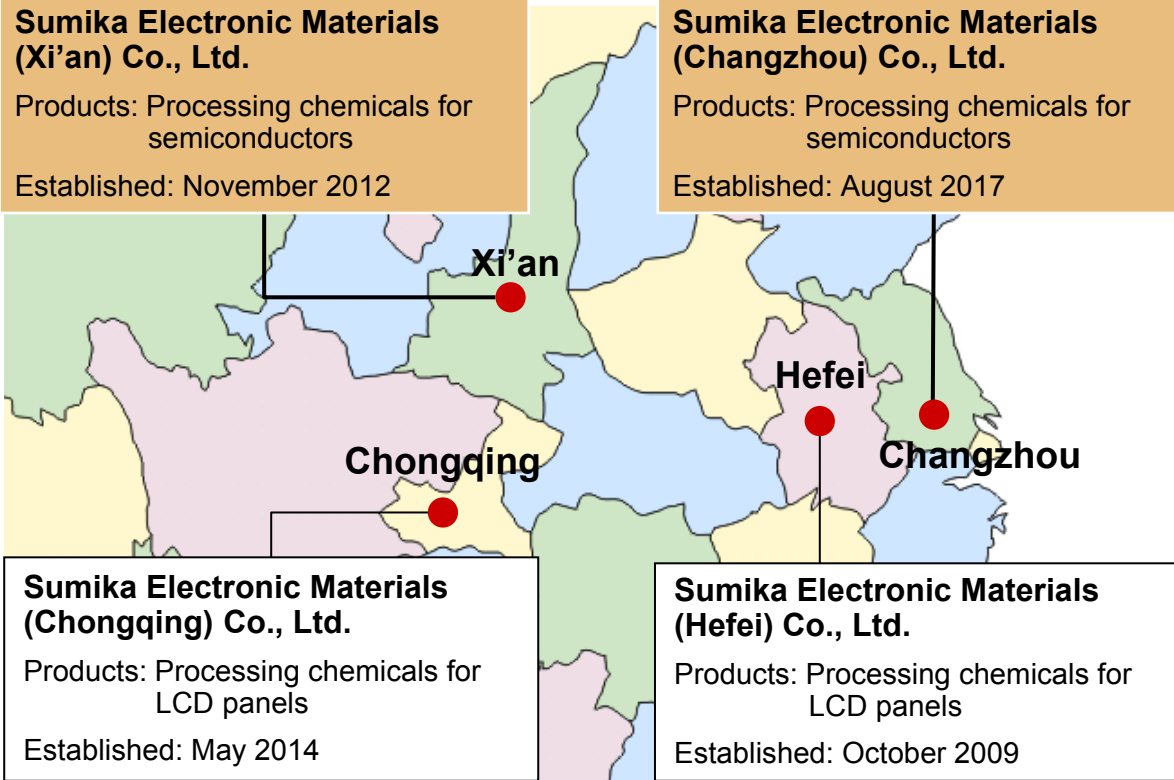



 : Sumitomo Chemical's Products



* This process is repeated to form circuits

IT-related Chemicals:
Semiconductor Materials Business 1 – High Purity Chemicals for Semiconductor Manufacturing

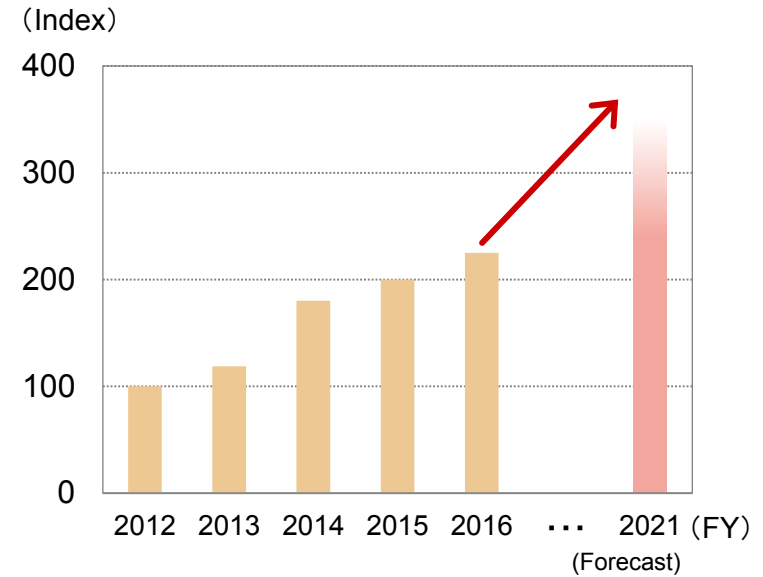
Processing Chemicals Manufacturing Locations in China



Locations

- Korea: Dongwoo Fine Chem
- Japan: Sumitomo Chemical Ehime Works
- China: Sumika Electronic Materials (Xi'an)
Considering capacity expansion
- Sumika Electronic Materials (Chongqing)
Decided to make an investment

Trends of Sumitomo Chemical's Sales



The LCD display market and the semiconductor market are expanding rapidly in China



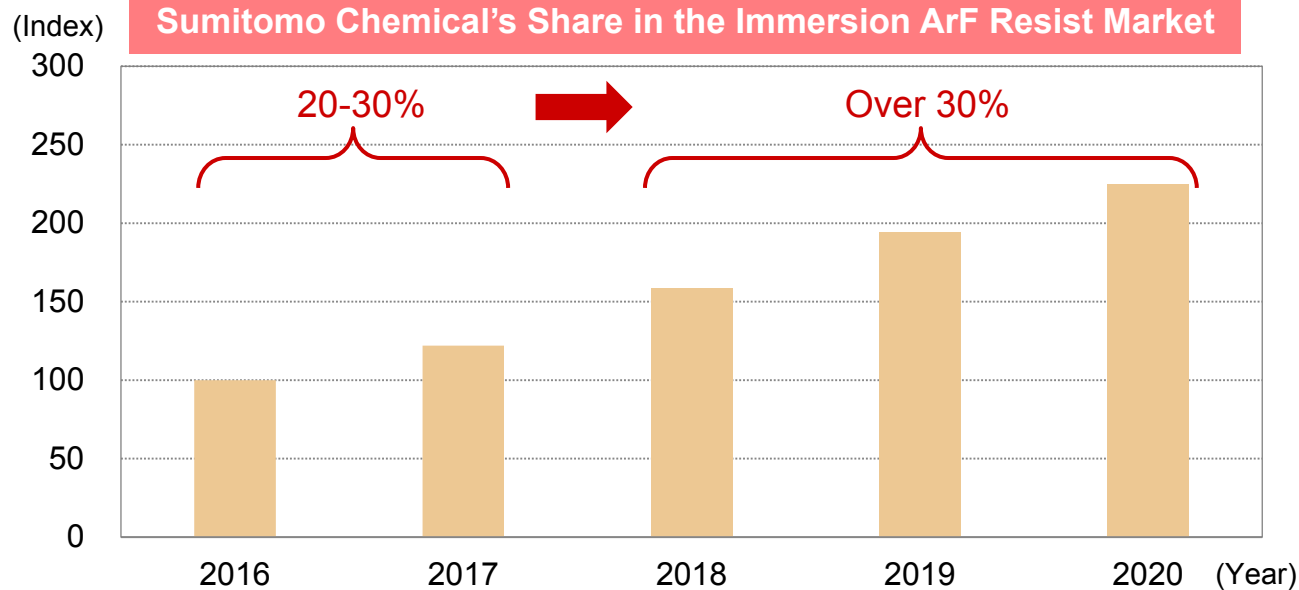
Penetrate into the Chinese market in a timely manner and increase sales

Semiconductor Materials Business 2 — Photoresists

Our Strengths

- Design and mass production technology for raw materials for high-performance photoresist
- Manufacturing, research and sales functions integrated at our Osaka Works, enabling timely customer response
- Good relations with leading semiconductor makers

Estimate for our immersion ArF, thick film KrF and i-line resists sales



Immersion ArF resist

Increase share by expanding customer base

Thick film KrF and i-line resists

Increase sales for 3D NAND and back-end process

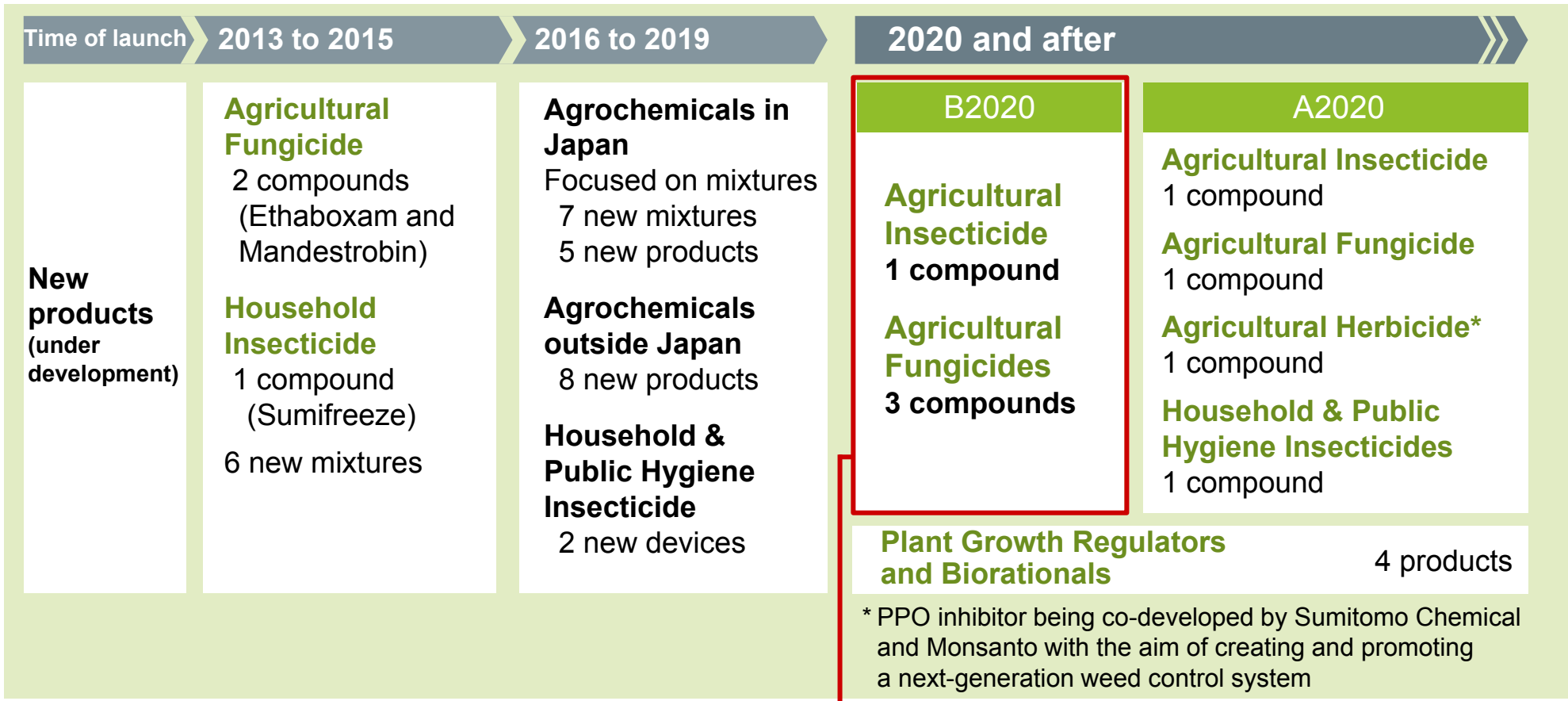
Expand business by leveraging our capability of responding to diverse needs of customers' processes

Business Strategy by Sector

- Petrochemicals & Plastics
- Energy & Functional Materials
- IT-related Chemicals
- **Health & Crop Sciences**
- Pharmaceuticals

Development and Launch of Next-Generation Blockbusters

Pipeline of New Crop Protection and Household and Public Hygiene Insecticide Products



Expected to grow into blockbusters

- Accelerating development—working to shorten the development period by up to one year
- Future consolidated sales of B2020 products estimated at **over ¥100 billion**

Development Progress for B2020 Fungicides

New Fungicides

Applications: Starting in 2018, in stages

Features:

1. Highly effective against major plant diseases
2. Also effective against strains resistant to existing fungicides



June 2017: Collaboration with BASF (Worldwide)

New Fungicides for Soybeans

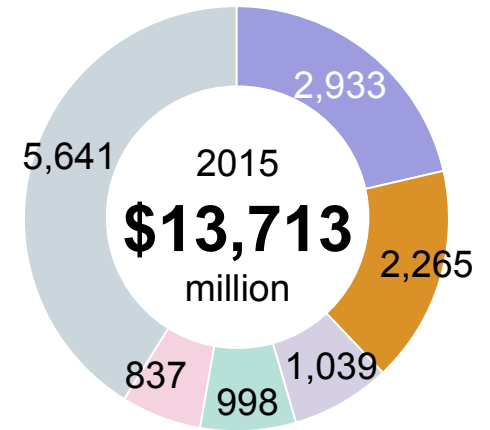
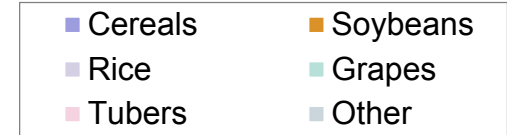
Applications: Starting in the end of 2017, in stages

Features: Highly effective against major diseases such as soybean rust



June 2017: Collaboration with Bayer (Brazil)

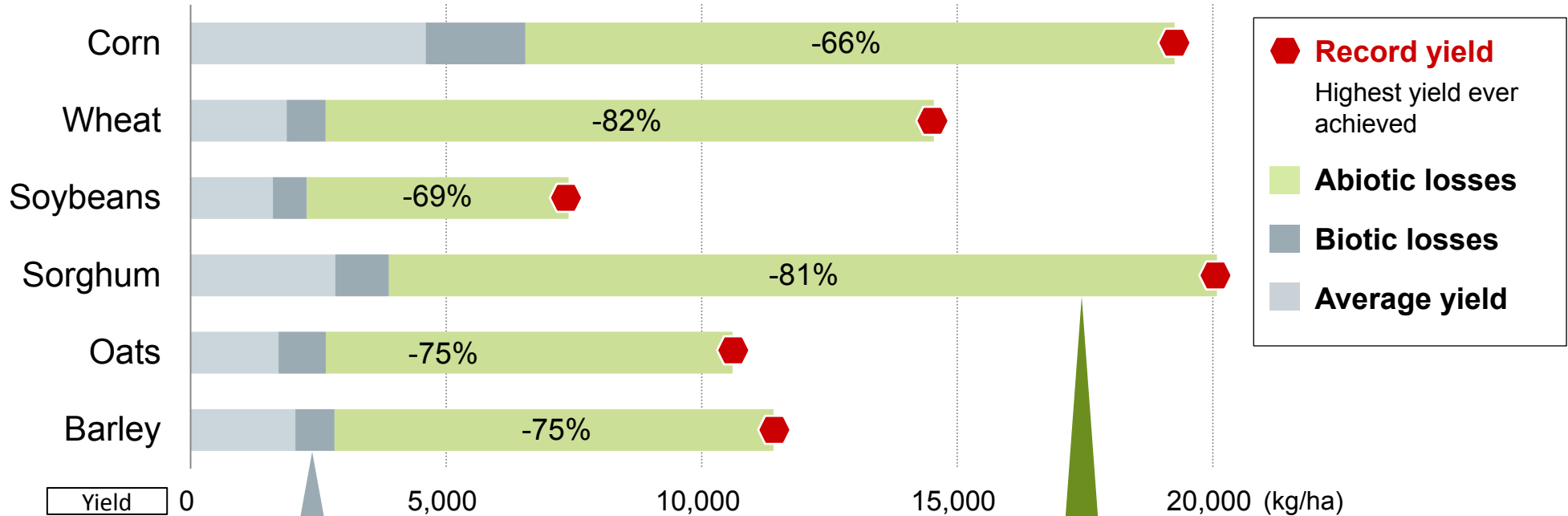
Global Fungicide Market



(Source) Phillips McDougall, Crop Section (Ex-Distributor)


Crop Stress Management

Crop Yield Loss Caused by Abiotic Stress




Biotic Losses

Loss of yield caused by diseases, insects, and weeds, even with crop protection chemicals used



Abiotic Losses

Loss of yield caused by high temperatures, drought, low temperatures, salinity, etc.



(Source) Buchanan, Grissemer, Jones

Biochemistry and Molecular Biology of Plants / American Society of Plant Physiologists, 2000

Expansion of Our Biorational Business

Year	Event	Products		
		Microbial Pesticides	Microbial Agricultural Materials	Plant Growth Regulators
2000	Purchased biorational business from Abbot Laboratories	○		○
2014	Began operation of the Osage plant	○		○
2015	Purchased Mycorrhizal Applications		○	
	Started integrated management of crop protection chemicals and biorationals	○	○	○
2016	Contracts signed with LidoChem and Rizobacter		○	
2017	Purchased biorational business from Kyowa Hakko Bio			●
	Established Biorational Research Center	●	●	●
		Pesticides using natural substances sourced from microorganisms	Organisms that help crops efficiently absorb water and nutrients in soil (mycorrhizal fungi, etc.)	Agrochemicals that contribute to improved crop quality and yield

Sales for 2015: ¥25.0 billion



Toward ¥45.0 billion by 2020

Expansion of Our Rice Business

Overview of Our Rice Business



Role of producers, including JA and other agricultural companies

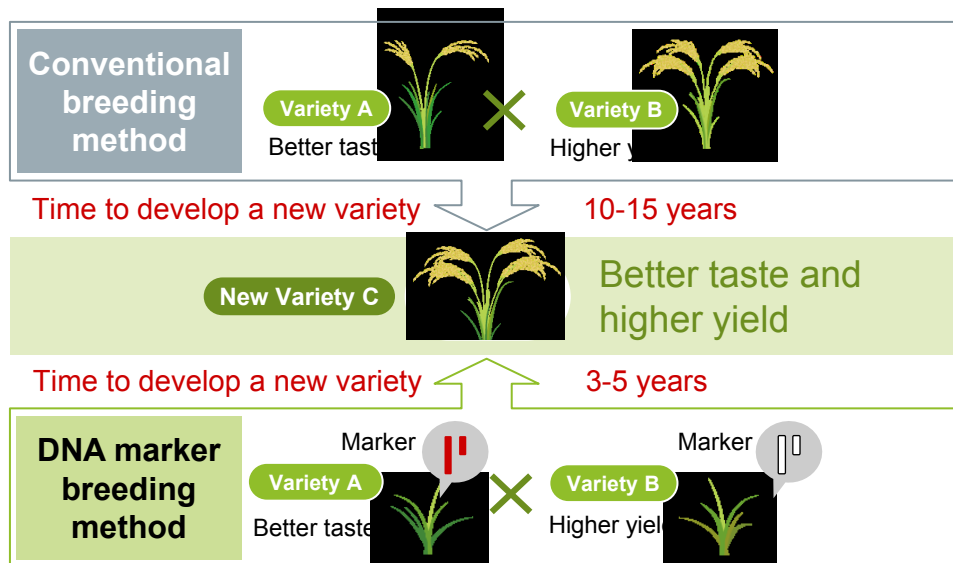
Role of the Sumitomo Chemical Group
(including collaborating and partnering companies)

(Reference) Rice Business Production Volume Trends



Health & Crop Sciences: Comprehensive Support for Rice Farmers

1. Develop and Provide New Varieties



2. Develop and Provide Pesticides and Fertilizers

Products that help increase rice productivity

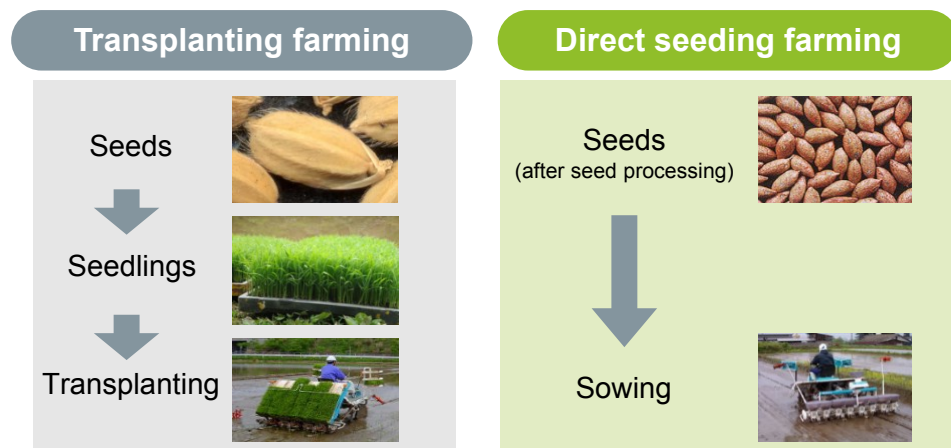


Osakini® Rice Paddy Herbicide for Use with Wet Direct Seeding or Sowing

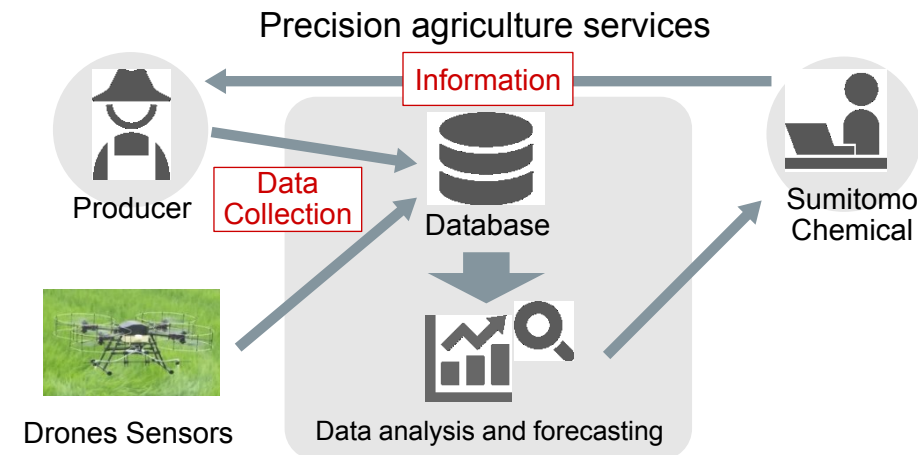


Rakuichi®, a one-shot basal fertilizer with lodging reducer for use in rice paddies

3. Support Direct Seeding Farming



4. Provide a Variety of Services



Acquisition of A Supplier of Pyrethrum-derived Insecticidal Compounds

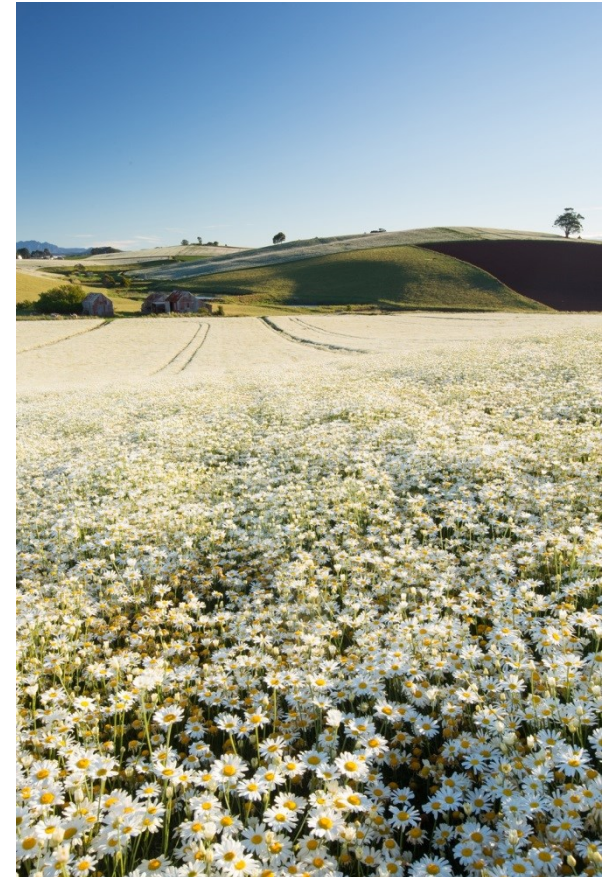
Acquisition of Botanical Resources Australia

- Business: Production and sale of pyrethrins and others
- Location: Tasmania, Australia
- Acquired shares: 82.9%

Strengths of Botanical Resources Australia



Pyrethrum cultivated by the BRA Group



Acquisition of production bases in areas with different climate conditions



Establish stable supply capability

Business Strategy by Sector

- Petrochemicals & Plastics
- Energy & Functional Materials
- IT-related Chemicals
- Health & Crop Sciences
- **Pharmaceuticals**

Initiatives to Address Post-LATUDA Patent Cliff

Efforts to Strengthen Our Pipeline

Elevation Pharmaceuticals	
Indication	Chronic Obstructive Pulmonary Disease (COPD)
Features	Administered by nebulizer
Acquisition	2012
Purchase Price	Up to \$400 million
Launch Planned	FY2017
Peak Sales (Target)	On the order of ¥50.0 billion

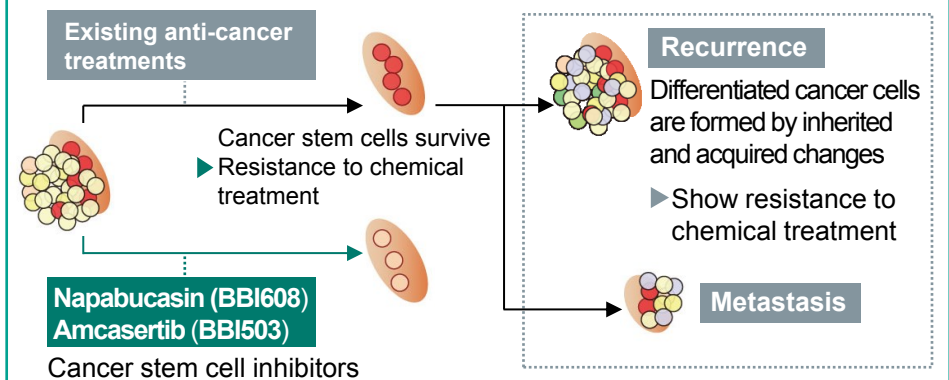
Boston Biomedical	
Indication	Cancer
Features	Cancer stem cell inhibitor
Acquisition	2012
Purchase Price	Up to \$2,630 million
Launch Planned	FY2020-2022
Peak Sales (Target)	On the order of ¥100.0 billion

SUN-101/eFlow® Electronic Nebulizer



Excellent portability; designed to deliver medicine to the affected area in 2-3 minutes, as compared with 10 minutes for standard spray-type nebulizers

Summary of the Mechanism of Action of Napabucasin (BBI608)/ Amcasertib (BBI503)



Initiatives to Address Post-LATUDA Patent Cliff

Efforts to Strengthen Our Pipeline

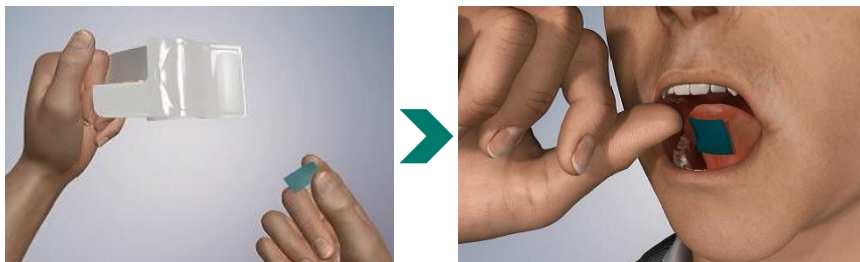
Cynapsus Therapeutics

Indication	“Off” episodes of Parkinson’s Disease
Features	Sublingual thin film
Acquisition	2016
Purchase Price	Up to \$635 million
Launch Planned	FY2018
Peak Sales (Target)	On the order of ¥50.0 billion

Tolero Pharmaceuticals

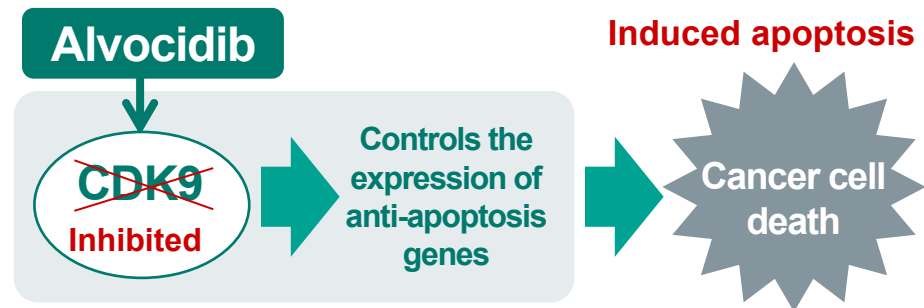
Indication	Cancer
Features	CDK9* inhibitor
Acquisition	2017
Purchase Price	Up to \$780 million
Launch Planned	FY2019
Peak Sales (Target)	On the order of ¥50.0 billion

Administration of APL-130277



The sublingual film delivery system allows easier administration than existing subcutaneous injection systems.

Summary of Alvocidib’s mechanism of action



Apoptosis: death of an unnecessary or harmful cell following a program determined by genes within the cell

* Cyclin-dependent kinase 9

Regenerative Medicine and Cell Therapy

Regenerative Medicine and Cell Therapy Development Plan

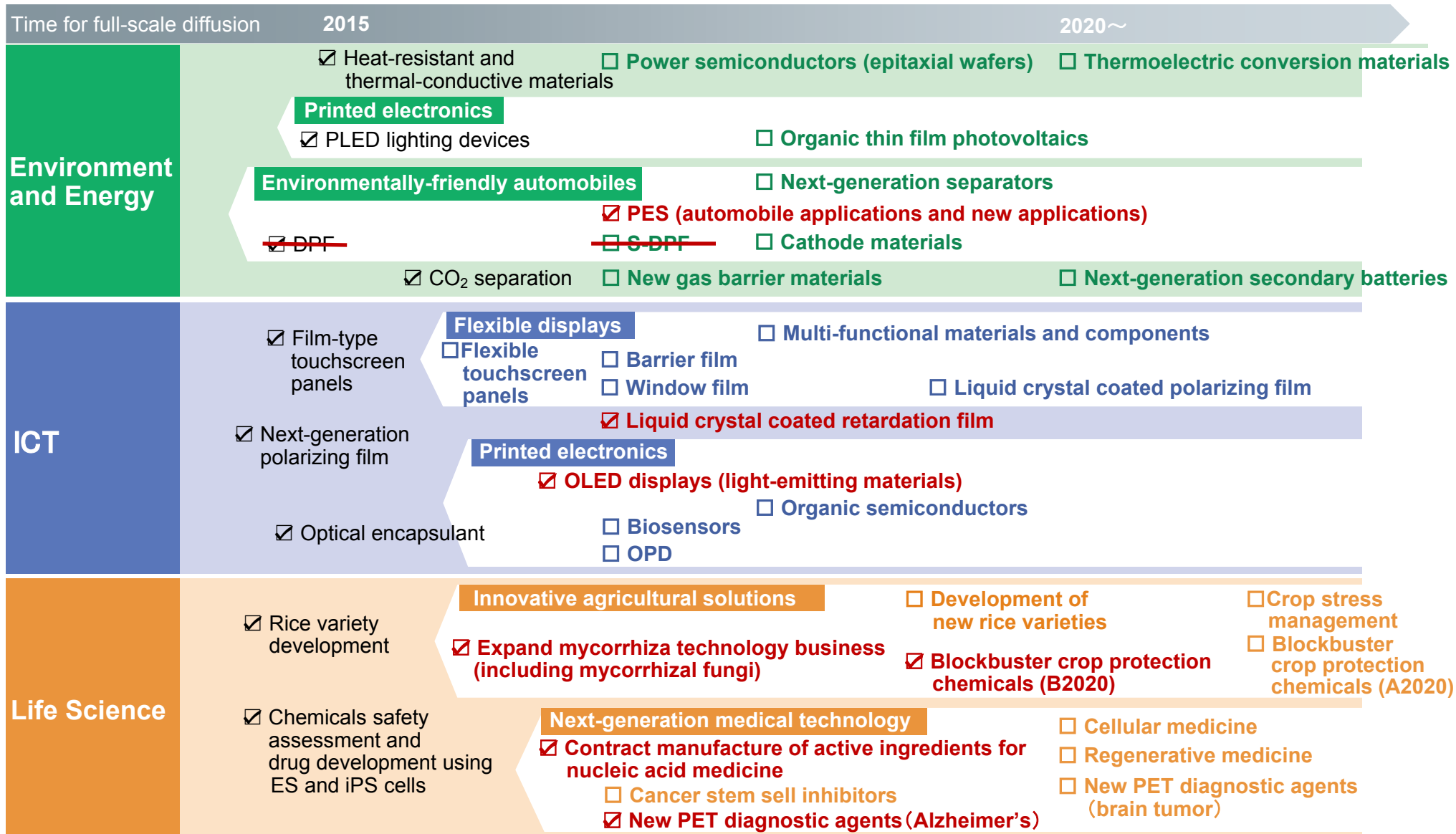
	Partnering	Region (planned)	Cell type	Development schedule (calendar year)				
				2017	2018	2019	2020~22	
Chronic stroke (SB623)	SanBio	North America	Allogeneic MSC	Ph-IIb			Approval target	
						Ph-III		
Age-related macular degeneration	Healios RIKEN	Japan	Allogeneic iPS cell	Clinical research	Investigator or corporate initiated clinical trial*			Approval target
Parkinson's disease	Kyoto University CiRA	Global	Allogeneic iPS cell		Investigator initiated clinical trial			
Retinitis pigmentosa	RIKEN	Global	Allogeneic iPS cell		Clinical research			
Spinal cord injury	Keio University Osaka National Hospital	Global	Allogeneic iPS cell		Clinical research			

* Start of clinical trial, originally scheduled for 2017, is expected to be delayed due to changes in non-clinical study plans.

Planning to start the operation of cell processing center in FY2017

Initiatives for Maintaining Sustained Growth

Initiatives for Maintaining Sustained Growth: Accelerate the Launch of Next-generation Businesses



☑: Next-generation businesses that have been launched or are to be launched soon.

☐: Next-generation businesses that have been launched or are to be launched soon during this Corporate Business Plan.

Initiatives for Maintaining Sustained Growth: Technological Revolution in Biotechnology

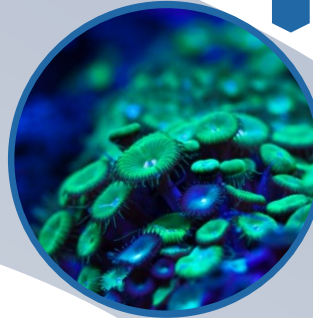
Green Bio
(Food and plant-related)



White Bio
(Industry and energy-related)



Blue Bio
(Ocean-related)



Applicable fields for biotechnology

Grey Bio
(Environment-related)



Red Bio
(Medical and health-related)



Technological revolution in biotechnology

Advance of IT/AI Technology

Reduced cost and time for genome sequencing

The advent of genome editing technologies

Fusion of Biotechnology and Digital Technology



Maximal Utilization of Biological Functions

Initiatives for Maintaining Sustained Growth: Expansion of Healthcare Businesses

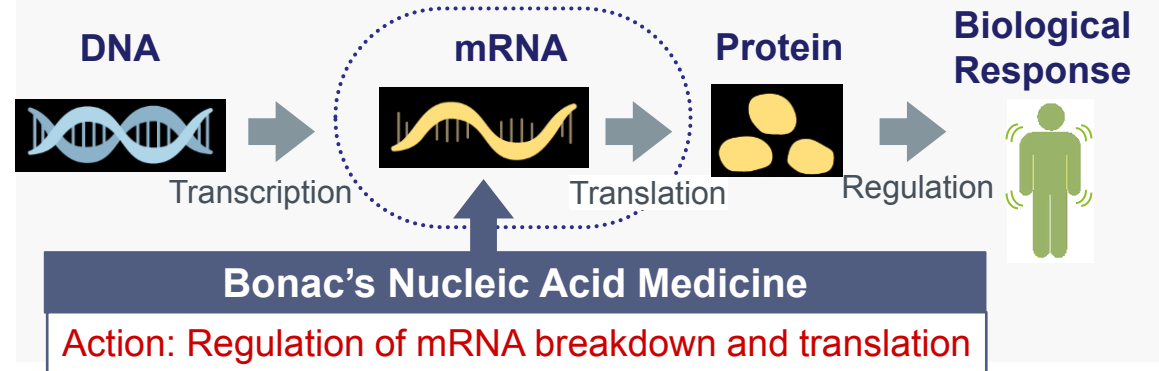
Red Bio

Nucleic Acid Medicine

Summary of Further Investment in Bonac

- Amount: Approx. 4.0 billion yen
- Percentage: 19.55% (after this investment)
- Completion: September 25, 2017

How Bonac's Nucleic Acid Medicine Works



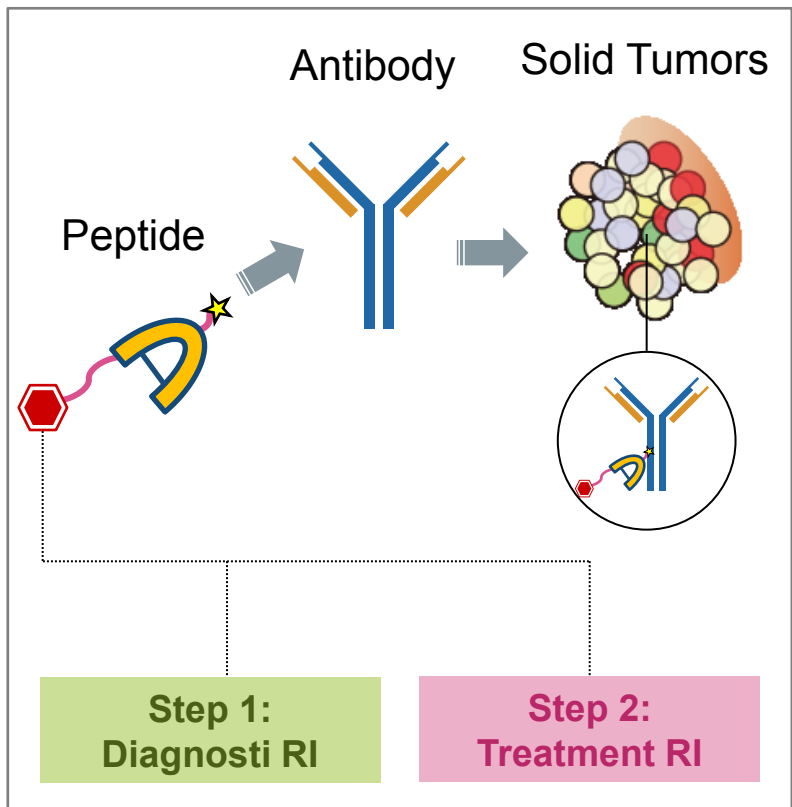
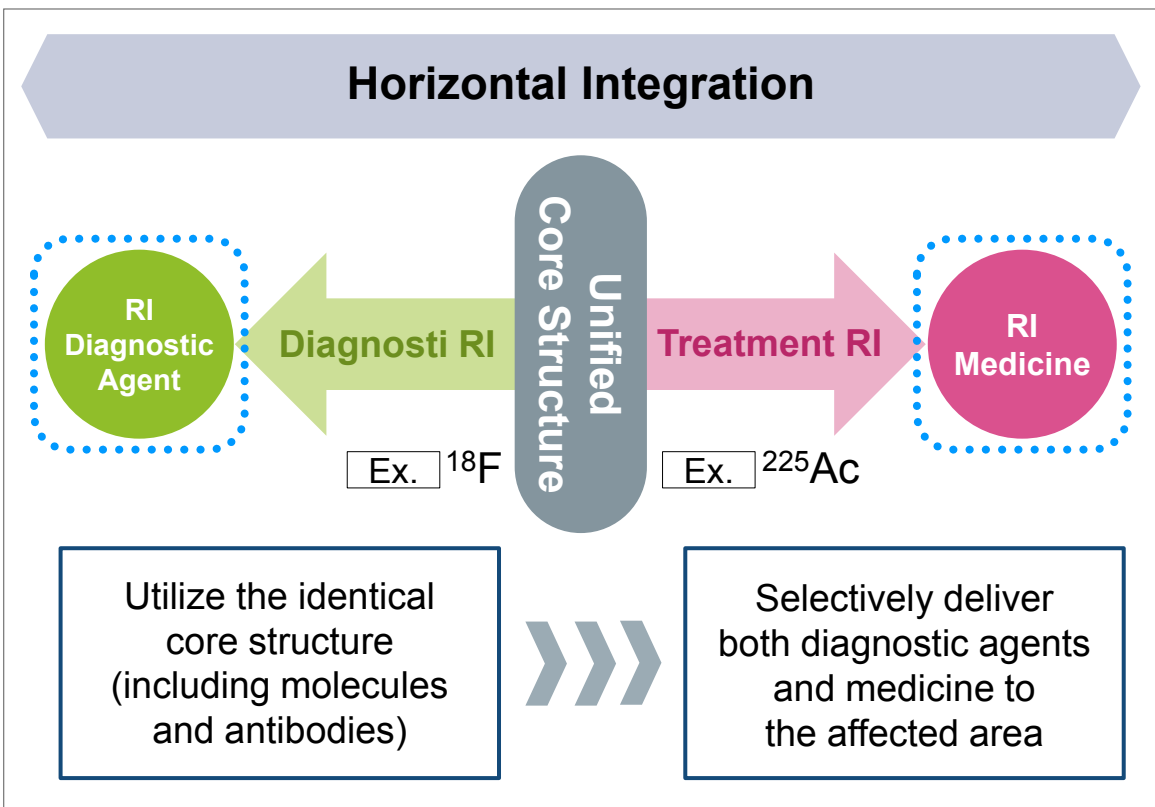
Synergies Expected within the Sumitomo Chemical Group

	Discovery	Pre-Clinical	Clinical Trials	Launch
Bonac	Discovery and licensing of nucleic acid medicine candidates			
Sumitomo Chemical	Active pharmaceutical ingredient manufacturing and sales			
Nihon Medi-Physics		Clinical support (in-vivo pharmacokinetic analysis)		
Sumitomo Dainippon Pharma			Clinical development and sales	

Initiatives for Maintaining Sustained Growth: Expansion of Healthcare Businesses

Red Bio

Theranostics

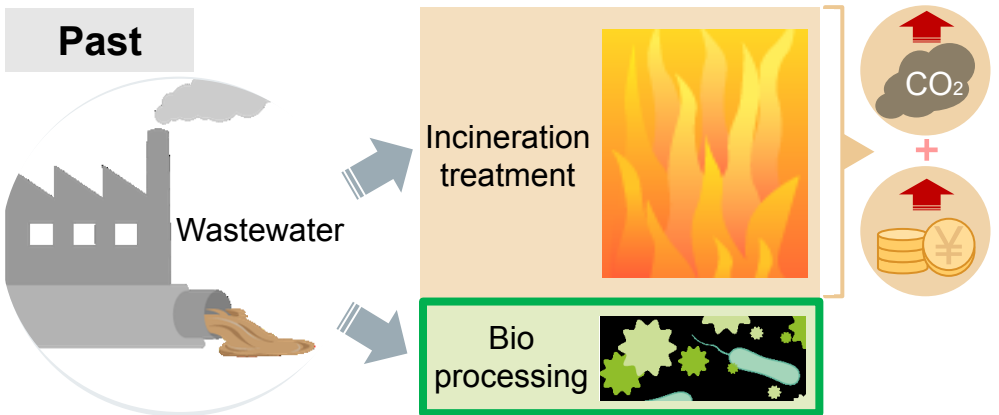


Scope of Nihon Medi-Physics' business

Initiatives for Maintaining Sustained Growth: Applications of Biotechnology

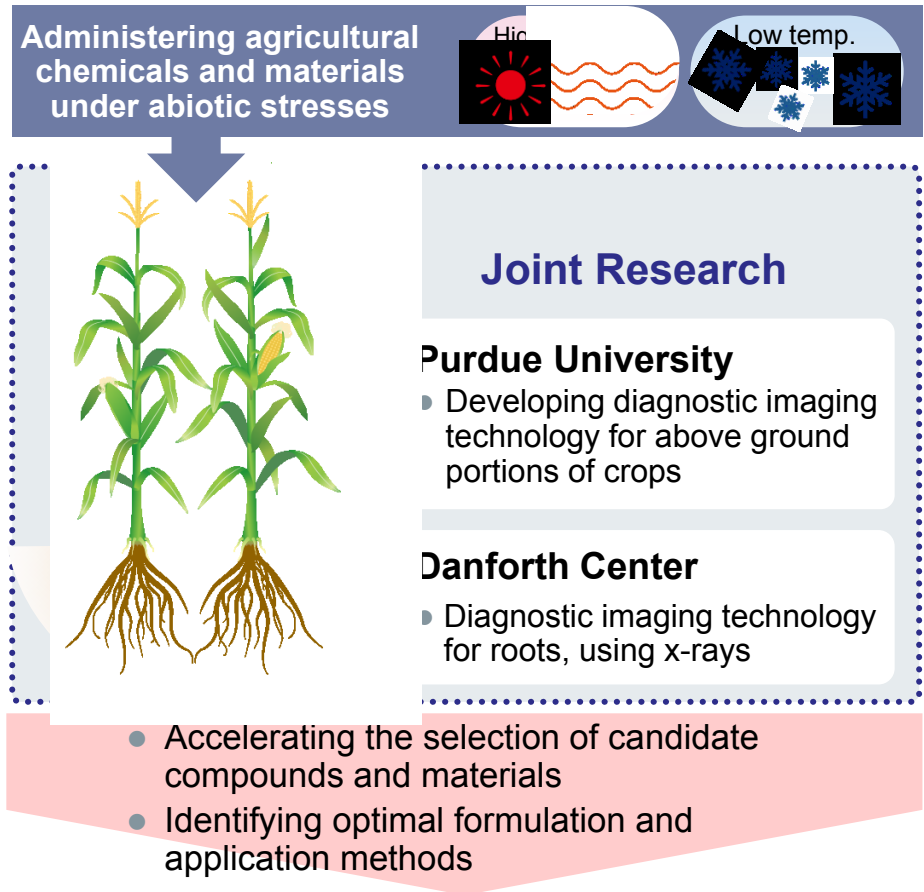
Grey Bio

Advancing Wastewater Bio-Processing



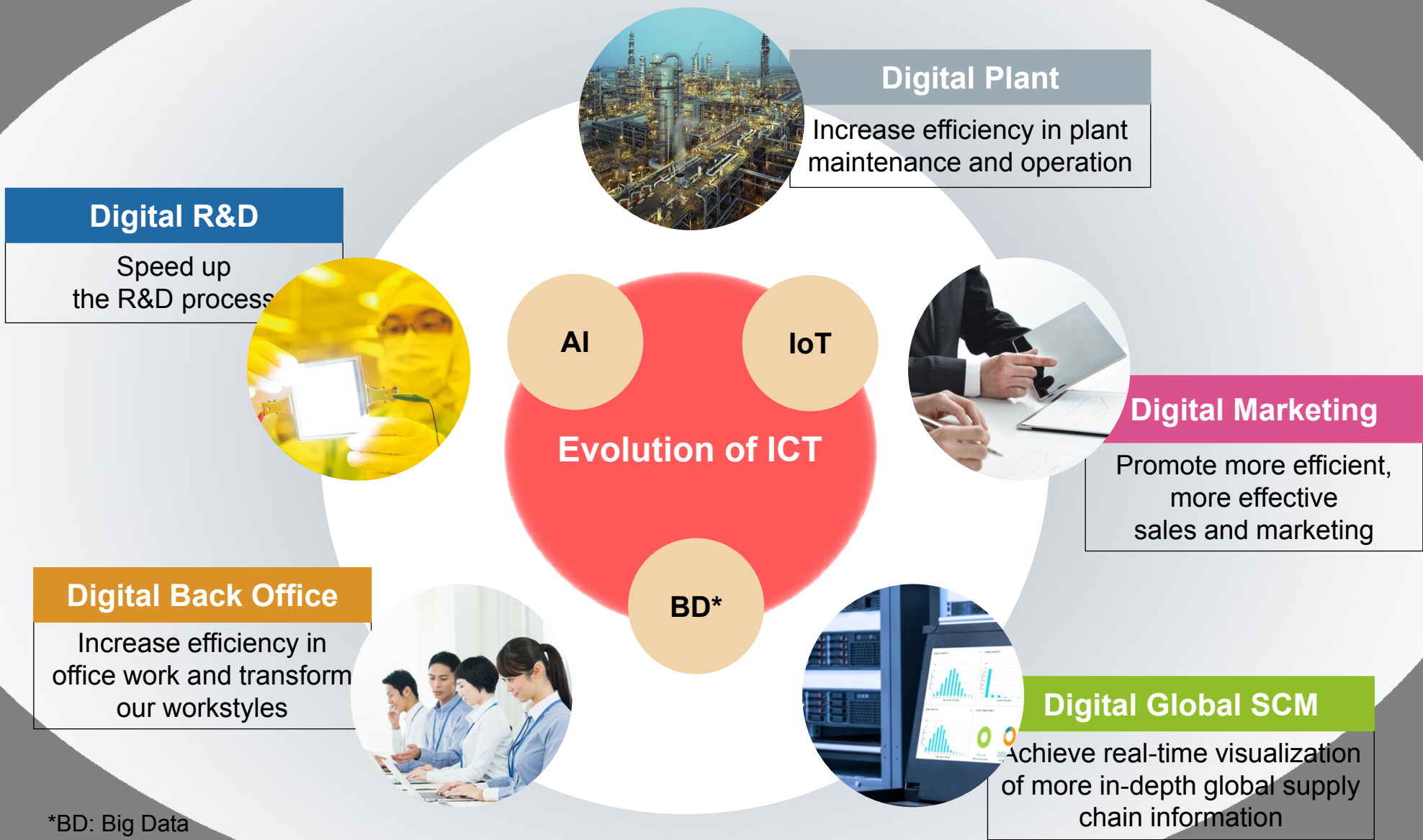
Green Bio

Development of Plant Phenotyping Technology



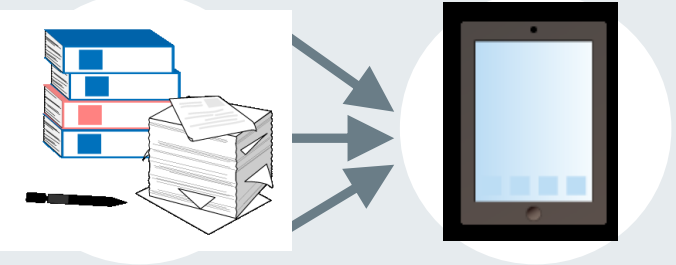

Accelerating the development of agricultural chemicals and materials that effectively promote crop growth in a stressful environment

Initiatives for Maintaining Sustained Growth: IoT Project



*BD: Big Data

Initiatives for Maintaining Sustained Growth: Digital Plant

Current Status	Policies	Expected and Actual Results
<p>Deployed</p>	<ul style="list-style-type: none"> • Digitalization of maintenance records 	<ul style="list-style-type: none"> • Increased efficiency in maintenance work • Improved accuracy of maintenance records • Increased quality of maintenance work 
	<ul style="list-style-type: none"> • Building optimal models for facilities operation 	<ul style="list-style-type: none"> • Increased energy efficiency (reduced environmental burden)
	<ul style="list-style-type: none"> • Building predictive models for facilities life 	<ul style="list-style-type: none"> • Facilities renewed at appropriate times
	<ul style="list-style-type: none"> • Building predictive models for product quality 	<ul style="list-style-type: none"> • Appropriate preventative maintenance measures (stable product quality)

Increased efficiency in plant maintenance and operation using IoT technology

Initiatives for Maintaining Sustained Growth: SDGs

Second Annual Sustainable Tree Launched

An initiative in which employees post on a dedicated website what they can do to build a world with hope for the future

**Difference from
last year**

**Propose initiatives for contributing to
the SDGs *through business***

Time period: 100 days from June to October, 2017
Participants: Employees of all Group companies
Submissions: 9,099 (as of the end of the campaign)

Reference:

The only company mentioned in the 2017 MOE Annual Report

Sumitomo Chemical is the only company mentioned in the 2017 issue of the Annual Report on the Environment, the Ministry of the Environment of Japan, as an example of “Actions by the Private Sector.”

URL http://www.env.go.jp/en/wpaper/2017/pdf/2017_all.pdf

Attachment:  (7 pages)

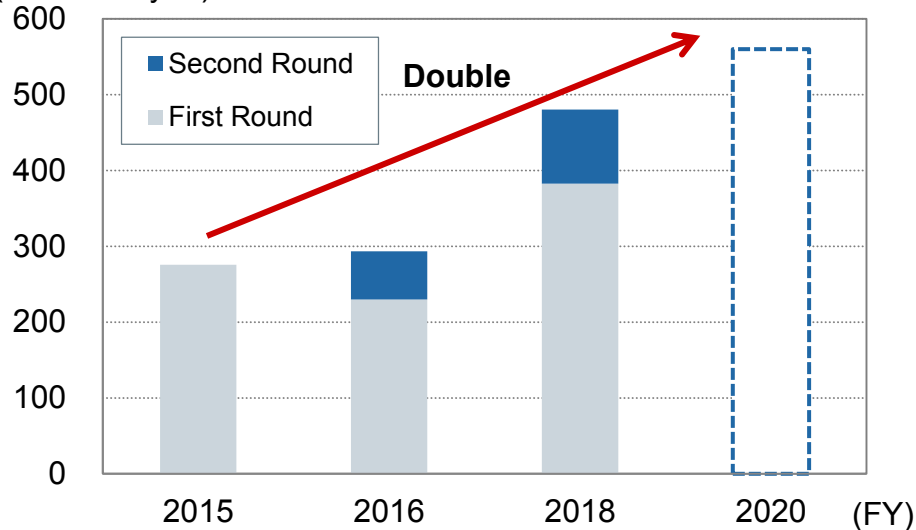


Initiatives for Maintaining Sustained Growth: Promoting the Spread of Environmentally Friendly Products and Climate Change Countermeasures

Sumika Sustainable Solutions

Sales of Designated Products and Technologies

(Billions of yen)



(Reference)

Contribution to reductions of greenhouse gas emissions:
approx. 53 million tons (CO₂ equivalent, projected value)
by FY2020

Recommendations on Climate-related Disclosures

Sumitomo Chemical has signed the Recommendations on Climate-related Financial Disclosures, published by TCFD.*

Date: June 2017

Participating Companies:

Sumitomo Chemical and Kokusai Kogyo from Japan; about 100 companies from around the world.



* TCFD: Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board

Promote the development and spread of environmentally friendly products, while also enhancing information disclosure

Conclusion



Sumitomo Chemical's Value Creation

Further Growth

Focus resources on the three growth areas and cross-over areas



Improve ROI

Improve profit margin

Improve asset turnover rate

Continuation of the ESG initiatives

Environment

Contribute to sustainable development of society through business

Society

Build robust relationships with stakeholders

Governance

Improve the effectiveness of governance

Towards achieving continuous value creation

What Sumitomo Chemical Strives To Be

Business Philosophy

- ◆ Commit ourselves to creating new value by building on innovation
- ◆ Work to contribute to society through our business activities
- ◆ Develop a vibrant corporate culture and continue to be a company that society can trust

Core Competence

Capabilities to develop innovative solutions by leveraging its technological expertise in diverse areas

Capabilities to reach global markets

Loyal employees



Challenges & Business Opportunities

Solve issues facing society

- Environment
- Food
- Resources and energy

Improve quality of life and build an affluent and comfortable society

- Health promotion
- Comfortable life



Achieve sustained growth by creating new value through innovative technologies

Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.