Creative Hybrid Chemistry

For a Better Tomorrow

SUMITOMO CHEMICAL

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President

December, 2014

Change
and
Innovation

Contents

Change and Innovation

Overview of Corporate Business Plan FY2013 - FY2015

Priority Management Issues & Business Strategy Since the Beginning of the Century

Change and Innovation

	Petrochemicals & Plastics Sector	Pharmaceuticals Sector	IT-related Chemicals Sector
Priority Issues	**Radically improve competitiveness of petrochemicals business**	**Gain critical mass in pharmaceuticals business to achieve strong growth**	**Develop new businesses with potential to become core businesses**
Major Projects	**Implementation of Rabigh Project** (includes ¥100.0 bn investment in phase 2) **Approx. ¥266.0 bn** (equity investment and lending)	**Launch of Dainippon Sumitomo Pharma & Acquisition of Sepracor (Sunovion) in US** **Approx. ¥249.0 bn** (increased shareholding and acquisition)	**Establishment and expansion of IT-related Chemicals Sector** **Approx. ¥440.0 bn** (cumulative capital expenditures in 12 years since inception)
Results: **Sales Increase** **FY2000 vs. FY2012**	**(¥375.5 bn ⇒ ¥693.9 bn)** **Approx. 1.7 times**	**(¥156.7 bn ⇒ ¥378.6 bn)** **Approx. 2.3 times**	**(¥60.2 bn ⇒ ¥300.0 bn)** **Approx. 5.0 times**

Where We Have Been Heading

Change and Innovation

Last 10 Years	2 to 3 Years	Next 10 to 20 Years

Pave the way for future growth

Tackled three priority management issues

- Implemented Rabigh Project
- Launched DSP and acquired Sepracor/BBI
- Established and expanded IT-related Chemicals Sector

Enhance financial strength

- Improve profitability
- Rigorously select investments
- Improve asset efficiency

Restructure businesses

- Exit underperforming businesses
- Improve business portfolio

Develop new businesses

- Environment and Energy
- Life Sciences
- ICT

Globalization → **Promote globally integrated management**

Ensure full and strict compliance and maintain safe and stable operations

Performance Targets

Change and Innovation

Targets for FY2015

Sales	¥2,400	Billion
Operating Income	¥140	Billion
Ordinary Income	¥150	Billion
(Equity in Earnings of Affiliates)	¥25	Billion
Net Income	¥90	Billion
Interest-Bearing Liabilities	Below ¥900	Billion

【Assumptions】		
Exchange Rate	¥80	/$US
Naphtha Price	¥60,000	/kl

Cash Flow Targets

Change and Innovation

	FY2010 – FY2012 Corporate Business Plan	FY2013 – FY2015 Corporate Business Plan (Target)
Cash flows from operating activities	¥472.3 billion	¥540 billion
Cash flows from investing activities	- ¥445.7 billion	Below - ¥400 billion
Free cash flows	¥26.6 billion	*1 Over ¥200 billion

Note *1: Includes decreases in cash and cash equivalents

	End of FY2012	End of FY2015 (Target)
Interest-bearing liabilities	¥1,060.6 billion	Below ¥900 billion

Overview of FY2014 Performance and FY2015 Outlook

FY2014 First Half Results

Change and Innovation

(Billions of yen)

	FY2013.1H	**FY2014.1H**	Change
Sales	1,050.8	**1,128.4**	+77.6
Operating Income	46.3	**36.2**	-10.2
(Equity in Earnings of Affiliates)	-1.3	**13.8**	+15.1
Ordinary Income	44.3	**52.8**	+8.6
Net Income	12.5	**22.6**	+10.1

Naphtha Price	¥64,700/kl	¥70,500/kl
Exchange Rate	¥98.86/$	¥103.01/$

Outlook for FY2014

Change and Innovation

(Billions of yen)

	FY2013	FY2014 (Forecast)	Change
Sales	2,243.8	**2,320.0**	+76.2
Operating Income	100.8	**105.0**	+4.2
(Equity in Earnings of Affiliates)	12.0	**20.0**	+8.0
Ordinary Income	111.1	**120.0**	+8.9
Net Income	37.0	**45.0**	+8.0

Naphtha Price	¥67,300/kl	¥66,200/kl
Exchange Rate	¥100.17/$	¥104.00/$

Outlook for FY2014 : Operating Income by Sector

Change and Innovation

(Billions of yen)

	FY2013	FY2014 (Forecast)	Change
Specialty Chemicals	120.2	107.0	-13.2
IT-related Chemicals	34.9	35.0	+0.1
Health & Crop Sciences	38.2	46.0	+7.8
Pharmaceuticals	47.1	26.0	-21.1
Bulk Chemicals	-5.9	5.0	+10.9
Basic Chemicals	-10.9	-7.0	+3.9
Petrochemicals & Plastics	4.9	12.0	+7.1
Others	-13.4	-7.0	+6.4
Total	100.8	105.0	+4.2

Operating Income by Business Segment: FY2014 1H/2H Comparison

Change and Innovation

(Billions of yen)

	1H	2H	Change	Contributing factors
Specialty Chemicals	41.3	65.7	+24.3	
IT-related Chemicals	14.5	20.5	+6.0	• Improved demand and increased sales • Weaker yen
Health & Crop Sciences	11.4	34.6	+23.2	• Seasonality (higher demand in 2H) • Weaker yen
Pharmaceuticals	15.4	10.6	-4.9	
Bulk Chemicals	0.6	4.4	+3.8	
Basic Chemicals	-3.9	-3.1	+0.8	• One-time licensing revenue • Improved MMA margin
Petrochemicals & Plastics	4.5	7.5	+3.0	• One-time licensing revenue
Others	-5.8	-1.2	+4.5	• One-time service revenue
Total	36.2	68.8	+32.6	

Targets for FY2015

Change and Innovation

(Billions of yen)

	FY2014 (Forecast)	FY2015 (Target)	Change
Sales	2,320.0	2,400.0	+80.0
Operating Income	105.0	140.0	+35.0
(Equity in Earnings of Affiliates)	20.0	25.0	+5.0
Ordinary Income	120.0	150.0	+30.0
Net Income	45.0	90.0	+45.0

Naphtha Price	¥66,200/kl	¥60,000/kl
Exchange Rate	¥104.00/$	¥80.00/$

Targets for FY2015: Operating Income by Sector

Change and Innovation

(Billions of yen)

	FY2014 (Forecast)	FY2015 (Target)	Change	FY2015 outlook against target
Specialty Chemicals	107.0	114.0	+7.0	↑
IT-related Chemicals	35.0	34.0	-1.0	↑
Health & Crop Sciences	46.0	45.0	-1.0	↑
Pharmaceuticals	26.0	35.0	+9.0	↑
Bulk Chemicals	5.0	39.0	+34.0	↓
Basic Chemicals	-7.0	15.0	+22.0	↓
Petrochemicals & Plastics	12.0	24.0	+12.0	↓
Others	-7.0	-13.0	-6.0	↑
Total	105.0	140.0	+35.0	→
Equity in Earnings of Affiliates	20.0	25.0	+5.0	↑

Progress on Corporate Business Plan

Restructure Businesses

Restructure Businesses: Expand specialty chemicals business

Change and Innovation

Expand
specialty chemicals business

Restructure
bulk chemicals business

Improve business portfolio

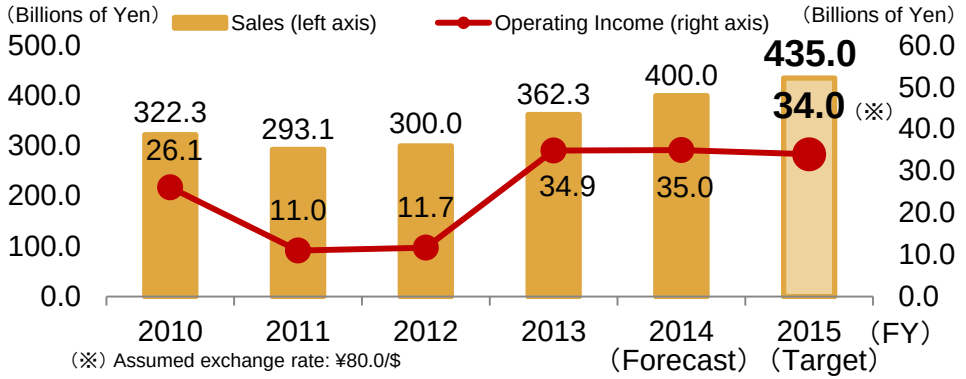
Features and advantages

- A wide range of display material product lines
- Swiftly meeting customer needs

Future growth drivers

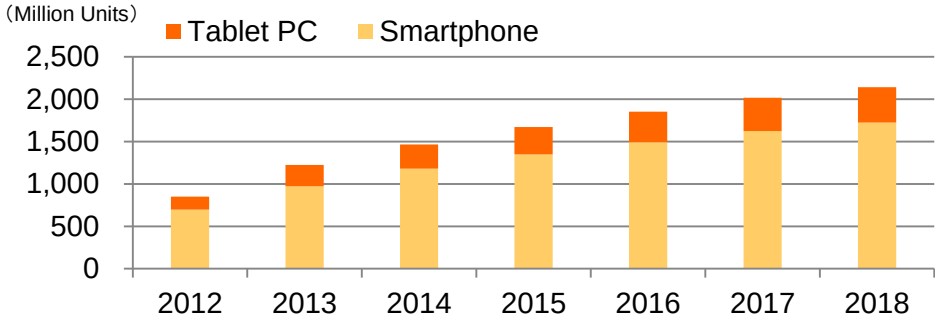
- Increase sales of polarizing films and touchscreen panels for small- to medium-sized displays
- Improve cost competitiveness of polarizing films for televisions
- Develop and launch materials and components for next-generation flexible panels
- Increase sales of Li-ion secondary battery separators

Trends in Sales and Operating Income

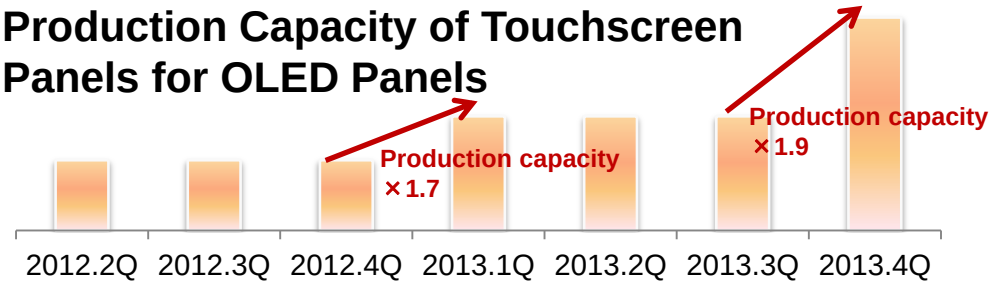


(※) Assumed exchange rate: ¥80.0/$

Smartphone and Tablet PC Demand



Production Capacity of Touchscreen Panels for OLED Panels



Progress and Next Steps

Business area	Progress	Next steps
Polarizing films	✓ Expanded small and medium-sized polarizing film production capacity ✓ Started mass production of next-generation coated polarizing films ✓ Expanded customer base and increased market share for polarizing films used in smartphones ✓ Promoted a new polarizing film replacing a protection film	☐ Increase sales of next-generation polarizing films ☐ Increase market share for polarizing films used in tablet PCs ☐ Further increase sales of the new polarizing film replacing a protection film ☐ Develop and launch next-generation laminated type polarizing films
Touchscreen panel	✓ Increased on-cell touchscreen panel production capacity ✓ Built manufacturing plant for cover-glass integrated touch sensors ✓ Launched film touch sensors (UBT)	☐ Promote on-cell touchscreen panel sales ☐ Expand product lines ☐ Expand customer base
Others	✓ Decided to expand production capacity for aramid coated Li-ion secondary battery separators to 110 million m^2/year	☐ Further expand separator production capacity ☐ Develop and launch new films replacing glass

Achieve Stable Growth in Touchscreen Panel Business

Smartphone market is expanding

Broaden product lines, promote use in a greater variety of devices, and expand customer base

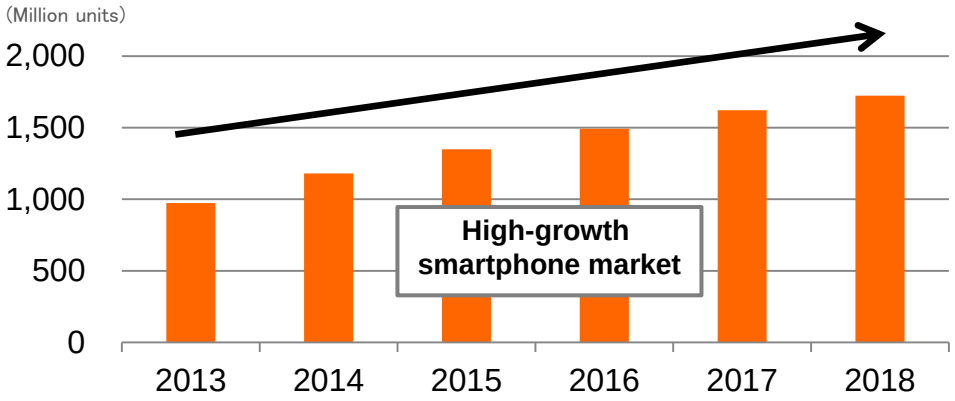
Reduce the impact of device demand fluctuation over revenues
Aim for stable growth

Expanding touchscreen panel product lines

Display technology		
LCD	OLED	Flexible
OCTL etc.	OCTA	UBT etc.

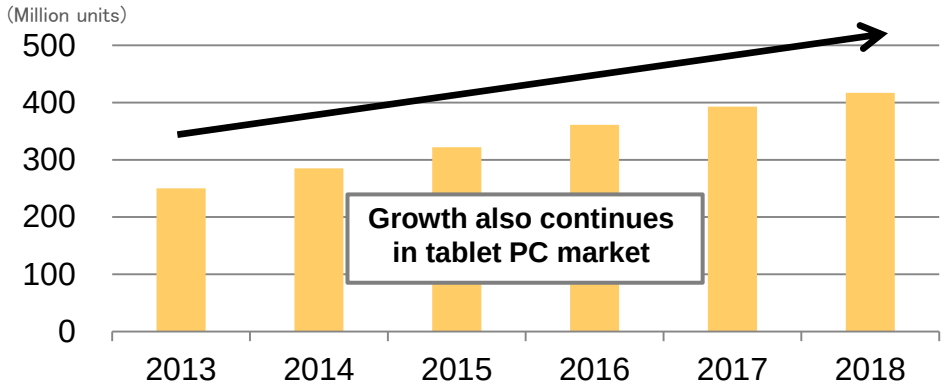
Existing products　New products

Smartphone Market



(Source: Display Search)

Tablet PC Market



(Source: Display Search)

Separator capacity expansion

Li-ion secondary battery separator business --current state and outlook

Aramid coated separator demand for use in automobiles is growing

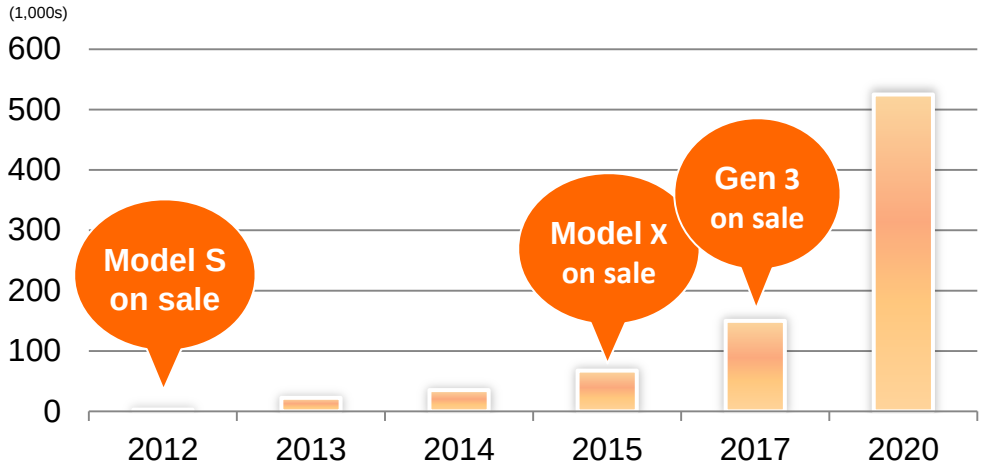
↓

Expanding production capacity of aramid coated separator to 110 million m^2/year in 2015

↓

Considering further expansion for Tesla's Gigafactory

Reference: Tesla Motors vehicle production outlook



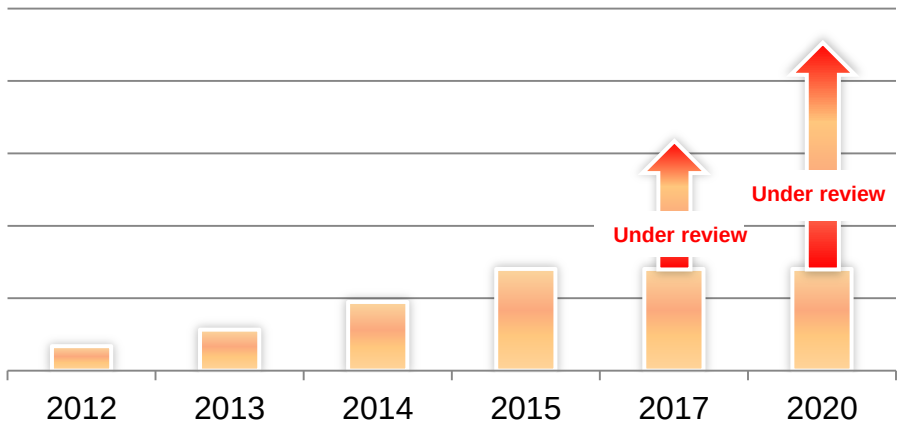
Reference: Overview of Tesla's Gigafactory plan

Products	LiB cells, LiB packs
Capacity	LiB cells 35 GWh/year LiB packs 50 GWh/year
Investment	US$4 to 5 billion
Location	Nevada, USA
Schedule	2017 Production start 2020 Full production

Tesla Motors Model S

Tesla Motors Model X

Our separator production capacity



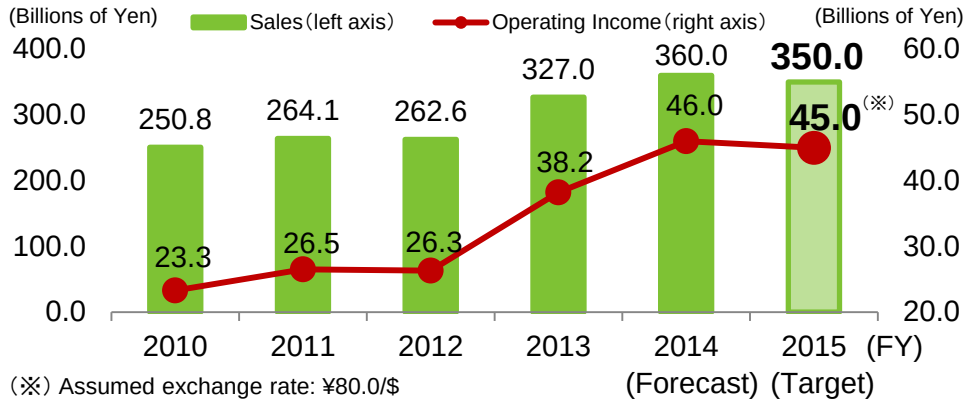
Features and advantages

- Strong R&D capabilities and robust product pipeline
- Product lines differentiated from major competitors
- Products with largest market shares in Japan and large global market shares
- Global sales network

Future growth drivers

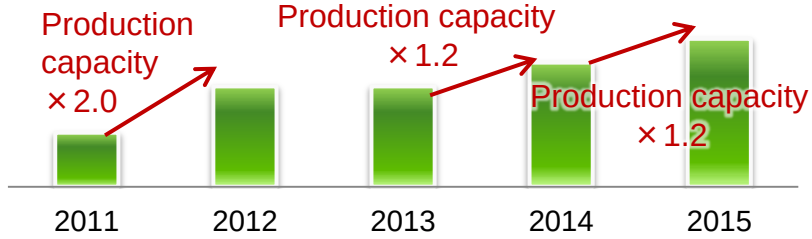
- Achieve greater synergy
- Expand into new business areas
- Enhance business in niche areas
- Continuously launch new products

Trends in Sales and Operating Income

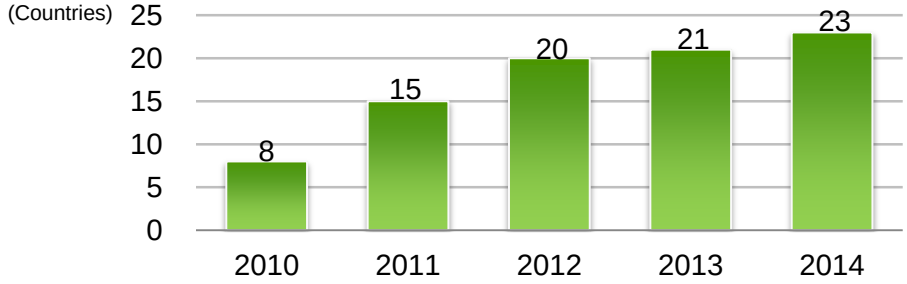


(※) Assumed exchange rate: ¥80.0/$

Flumioxazin Herbicide Production Capacity



Number of Countries in which Sumitomo Chemical Has Formed Sales Alliance with Nufarm



Progress and Next Steps

Business area	Progress	Next steps
Crop protection chemicals	✓ Formed sales alliance with Nufarm for crop protection chemicals for professional turf, ornamental and aquatics uses in the US ✓ Extended the period of the collaboration with Monsanto and expanded the collaboration into Brazil and Argentina ✓ Expanded Flumioxazin herbicide production capacity ✓ Acquired Pace International to enter post-harvest business ✓ Began operation of a new biorational plant ✓ Acquired a rice seed business to enter "total solution provider" rice business	☐ Seek to create more synergies from the alliance with Nufarm ☐ Expand seed treatment business ☐ Expand post-harvest business ☐ Expand biorational business ☐ Respond to changes in the Japanese crop protection chemicals market ☐ Accelerate the development of new active ingredients
Environmental health	✓ Acquired shares in U.S.-based McLaughlin Gormley King Company to make it a wholly-owned subsidiary ✓ Integrated distribution channels in North America ✓ Expanded businesses of animal health products and pharmaceuticals	☐ Expand into new areas
Others		☐ Commercialize active pharmaceutical ingredients of nucleic acid pharmaceuticals

Health & Crop Sciences Sector Expanding Business Areas

Business area	Growth drivers
Biorational	
Microbial pesticides	• Expansion of applications • Use in resistance management • Growing demand in use for organic crops
Plant growth regulators	• Expansion of applications • Use in crop stress management
Post-harvest	• Expansion into markets outside the US, e.g., Brazil

- Biorational and post-harvest sales have the potential to more than double
- Develop biorational and post-harvest into core business of Health & Crop Sciences Sector

Startup of new biorational plant

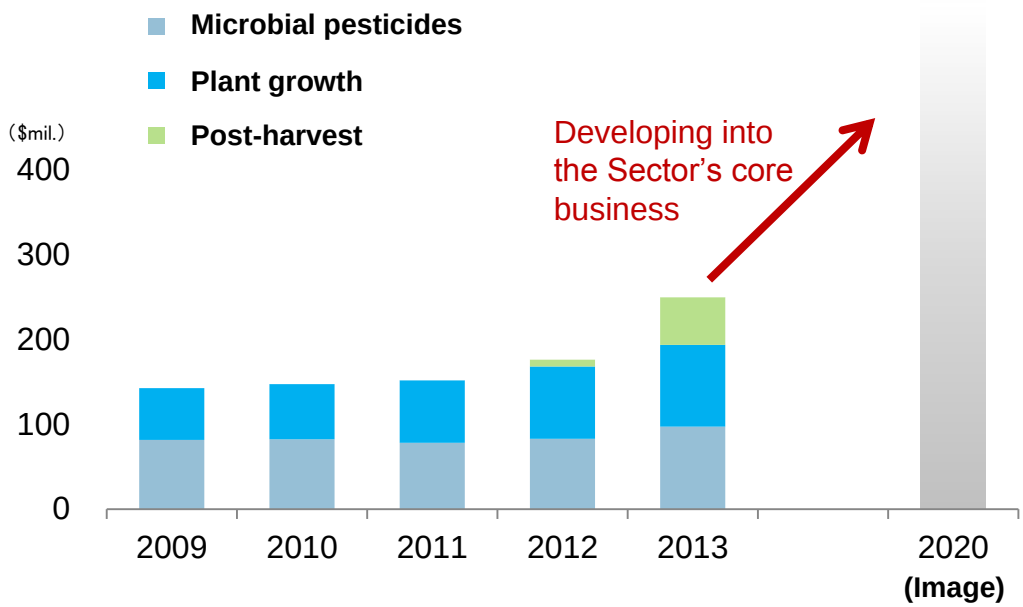
Location: Iowa, USA

Start of operation: July 2014

Capacity: 15 million gal/year

Investment: US$150 million

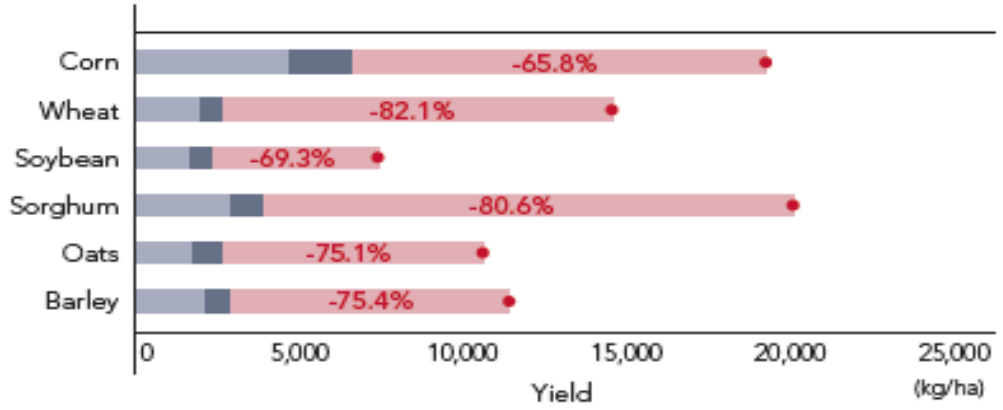
Biorational and post-harvest sales trends



(Image)

Crop Stress Management

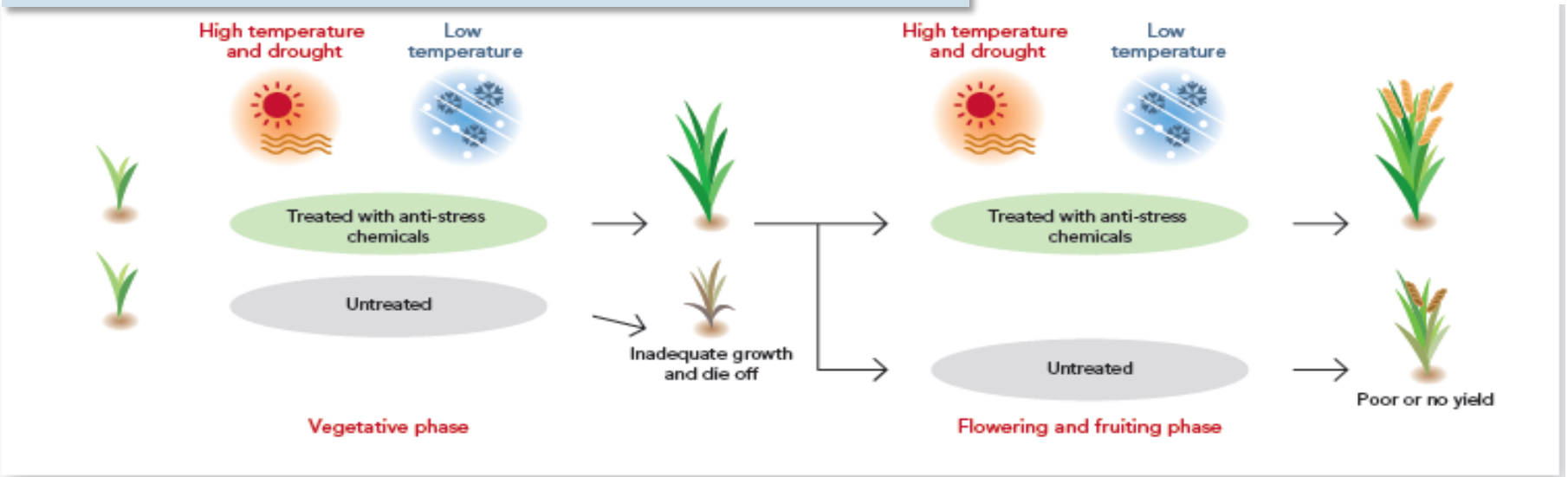
Crop Yield Loss Caused by Abiotic Stress



- Record yield
  highest yield ever achieved
- Abiotic losses
  by drought, salinity, flood, chilling or heat stress
- Biotic losses
  by diseases, insects, weeds despite modern crop protection
- Average yield

Source: Buchanan, Gruissem, Jones
Biochemistry and Molecular Biology of Plants
American Society of Plant Physiologists, 2000

Crop Stress Management with Chemicals



Entering Rice Business

Total solution provider businesses

- Supply seeds, crop protection chemicals, and fertilizers
- Provide cultivation management support
- Sell rice

Targets: Cultivation area 10,000 ha
Sales 10 billion yen

Building rice R&D capabilities

- Acquired rice varieties and related technologies
- Launched a new research team for developing rice varieties
- Strengthening existing cultivation and application

Contribute to agriculture through variety development and cultivation technology development

Overview of plans for rice business

Supply seeds

Supply crop protection chemicals, fertilizers, and agricultural materials and provide soil analysis, cultivation consulting, and operation records management services

Cultivate rice based on contract




Collect and sell rice

Roles of agricultural corporations, etc.

Roles of Sumitomo Chemical Group (including business partners)

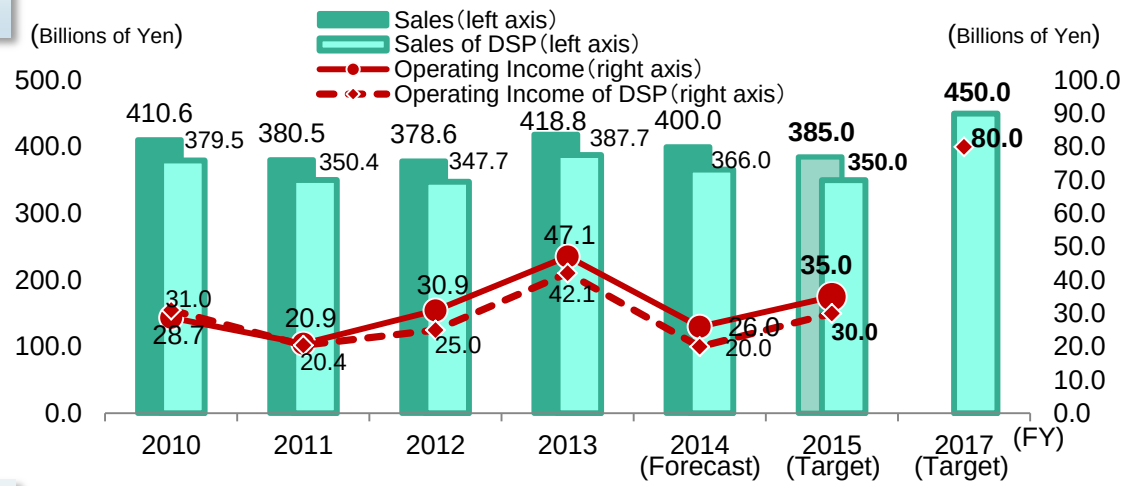
Features and advantages

- Drug discovery platform in the areas of psychiatry & neurology and oncology
- New drug development capabilities and sales network in the U.S.

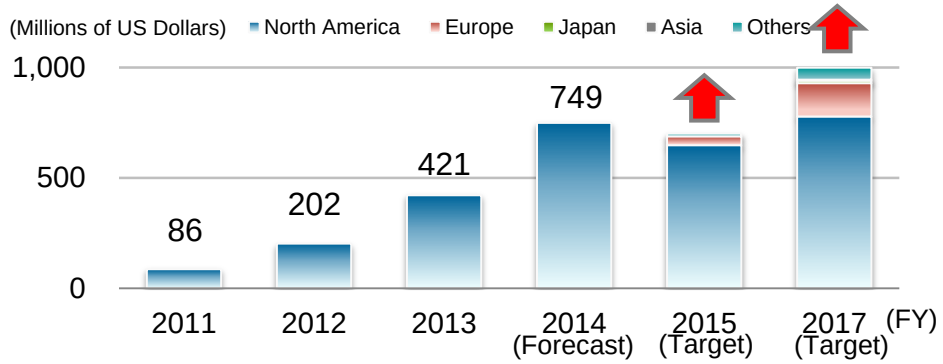
Future growth drivers

- Increase sales of LATUDA by adding new indications and expanding sales territories
- Enhance product pipeline in the areas of psychiatry & neurology and oncology
- Regenerative medicine and drug discovery by using cell technologies

Trends in Sales and Operating Income



Atypical Antipsychotic LATUDA Sales Projections



Note: Data for sales of our business partners in Europe (except U.K.) are our estimates.

Pharmaceuticals Sector Progress and Next Steps

Change and Innovation

Business area	Progress	Next steps
Prescription pharmaceuticals	✓ Additional indication approved in the U.S. for use of atypical antipsychotic LATUDA in treating bipolar I depression ✓ Atypical antipsychotic LATUDA approved in Europe as a treatment for schizophrenia ✓ APTIOM launched in the U.S. as a treatment for epilepsy ✓ Established drug discovery team and sales force for anticancer drugs ✓ Alliance with Healios in regenerative medicine and cell therapy business ✓ Restructured North American operations	☐ Increase LATUDA sales in the U.S. and Europe ☐ Obtain approval for LATUDA in Japan ☐ Increase APTIOM sales ☐ Develop and launch BBI608 and BBI503, anticancer drugs targeting cancer stem cells ☐ Commercialize cell therapy drug SB623 for stroke recovery ☐ Commercialize cell therapy drug HLS001 for eye diseases, such as age-related macular degeneration ☐ Develop first-of-a-kind therapies • EPI-743 for mitochondrial diseases • DSP-1747 for non-alcoholic steatohepatitis

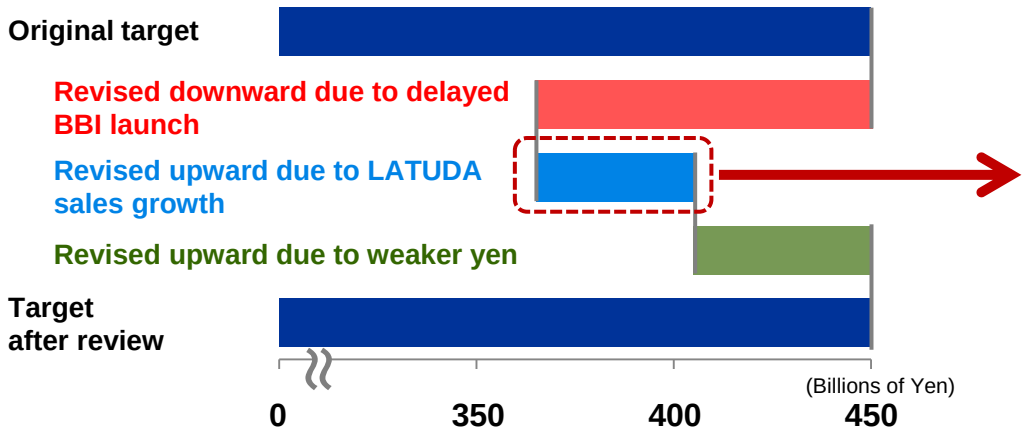
Sumitomo Dainippon Pharma's Mid-term Business Plan

Business Targets for FY2017

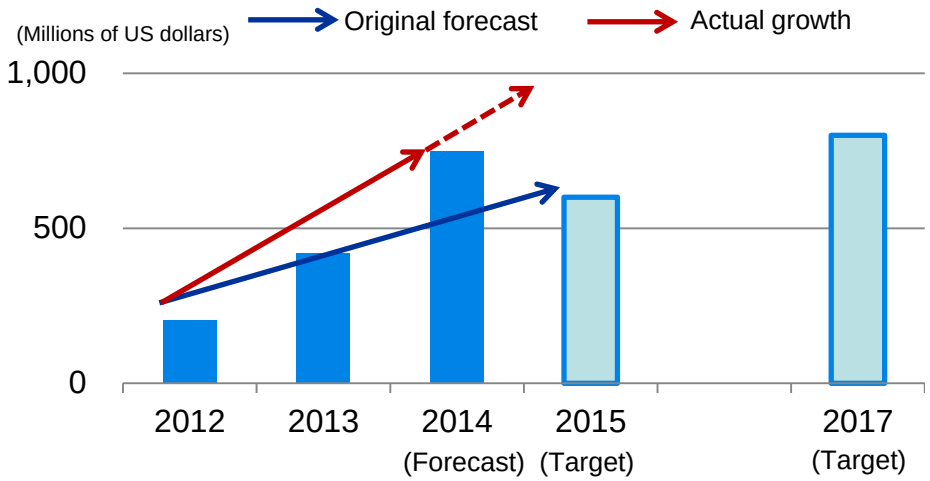
(Billions of Yen)

	Original targets (announced Feb 2013)	Targets after review (announced Oct 2014)	Changes
Sales	450	450	No change
Operating Income	80	80	No change
Exchange Rate	¥80.00/$	¥100.00/$	+¥20.00/$

Sales target for FY2017 (original vs. after review)



LATUDA Sales in North America



Progress on BBI608/503 Clinical Trials

Progress as of October 30, 2014

Brand name/ Product code	Generic name	Indication	Development location	Phase I	Phase II	Phase III	Submitted
BBI608	TBD	Colorectal cancer (Monotherapy) (Global clinical trial)	U.S. / Canada / Japan, etc.	Accrual of new patients has been stopped			
		Gastric cancer, Gastro-esophageal junction adenocarcinoma (Combination therapy) (Global clinical trial)	U.S. / Canada / Japan, etc.				
		Colorectal cancer (Combination therapy)	U.S. / Canada				
		Solid tumors (Combination therapy)	U.S. / Canada			※1	
		Gastrointestinal cancer (Combination therapy)	U.S. / Canada				
		Pancreatic cancer (Combination therapy)	U.S.				
		Hepatocellular carcinoma (Combination therapy)	U.S.		※2		
BBI503	TBD	Solid tumors (Monotherapy)	U.S. / Canada			※1	
		Renal cell carcinoma, Urothelial carcinoma, Hepatocellular carcinoma, Cholangiocarcinoma, Gastrointestinal stromal tumor (Monotherapy)	Canada				
		Hepatocellular carcinoma (Combination therapy)	U.S.		※2		

※1 Phase II of Phase I/II study ※2 Phase I of Phase I/II study

Revisions during 2014.2Q are in red.

Development target for BBI608
Gastric cancer, Gastro-esophageal junction adenocarcinoma (Combination therapy)
File applications in North America & Japan in FY2017

Development target for BBI503
Solid tumors (Monotherapy)
File applications in North America & Japan in FY2017

Restructure Businesses: Restructure bulk chemicals business

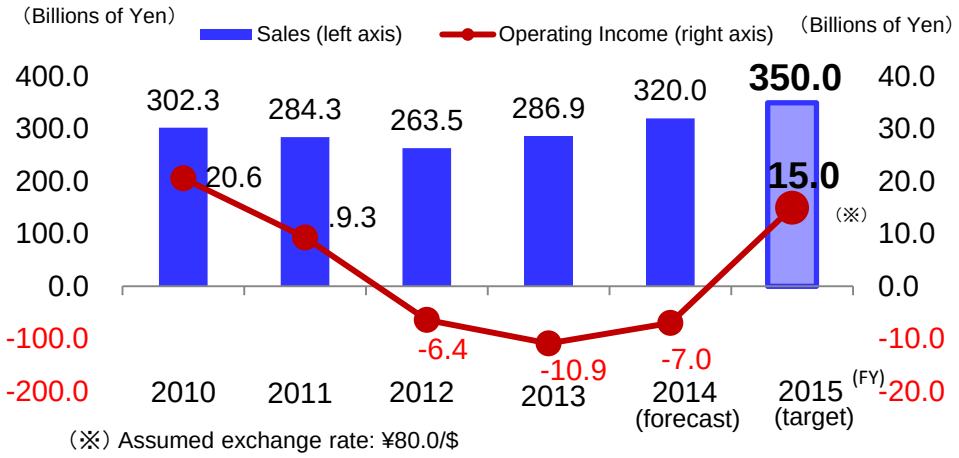
Change and Innovation

Expand specialty chemicals business

Restructure bulk chemicals business

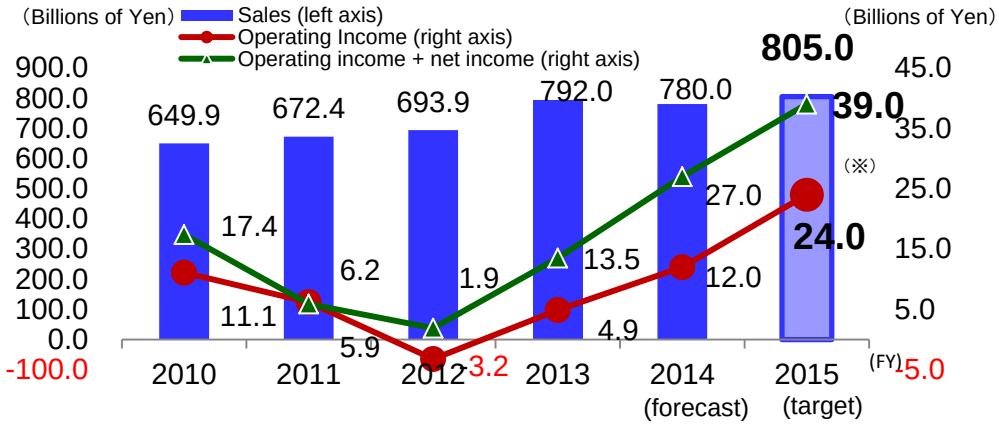
Improve business portfolio

Sales and operating income in Basic Chemicals Sector



(※) Assumed exchange rate: ¥80.0/$

Sales and operating income in Petrochemicals & Plastics Sector



(※) Assumed exchange rate: ¥80.0/$

Business Restructuring Initiatives

- Rebuild the foundations for underperforming businesses
- Grow next-generation business in the field of inorganic materials

Business Restructuring Initiatives

- Exit unprofitable businesses and reform production operations
- Improve competitiveness by expanding high-value added product business
- Maintain stable operation of Petro Rabigh's plants

Bulk Chemicals Progress and Next Steps

Change and Innovation

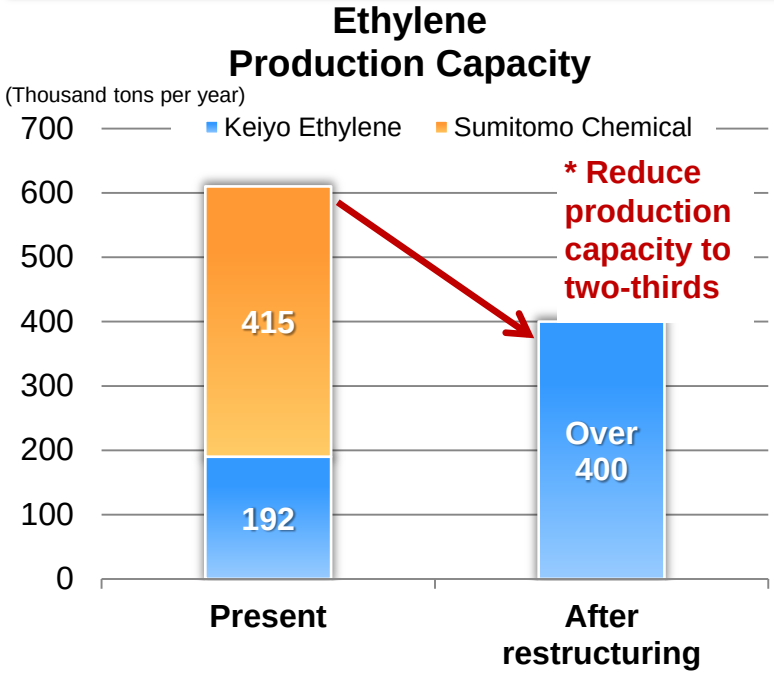
Business area	Progress	Next steps
Basic chemicals	✓ Decided to close down liquid-phase process caprolactam plant ✓ Closed down P-MMA plant in Japan ✓ Completed construction of DPF production facilities ✓ Expanded production capacity for high-purity alumina and increased sales	☐ Improve competitiveness of caprolactam business ☐ Improve competitiveness of MMA business ☐ Increase sales of DPF and develop next-generation DPF
Petrochemicals	✓ Decided to close down ethylene plant at Chiba ✓ Decided to close down PO/SM plant ✓ Expanded S-SBR production capacity	☐ Restructure Chiba Works ☐ Develop and expand sales of high value-added, differentiated products
Petro Rabigh	✓ Strengthened support from founding shareholders ✓ Amended the terms of transactions with founding shareholders ✓ Secured compensation from utilities supplier	☐ Maintain high-rate, stable operation of Rabigh Phase I Project facilities ☐ Execute Rabigh Phase II Project

Restructuring of Chiba Works

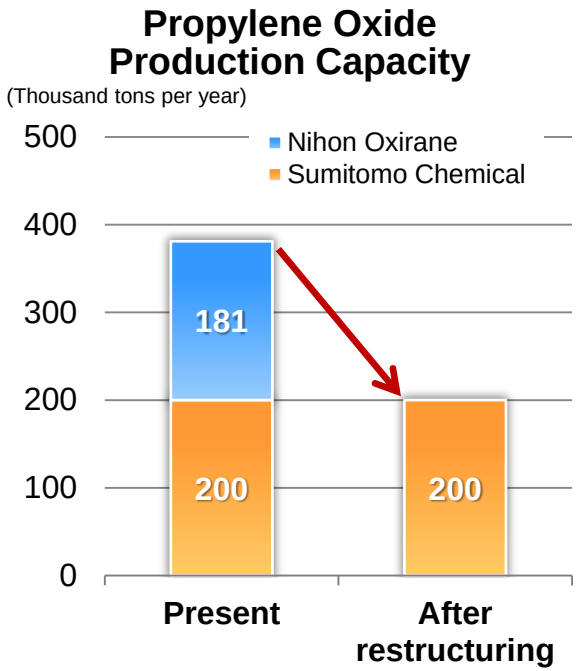
Business environment: Declining domestic demand and increasing imports

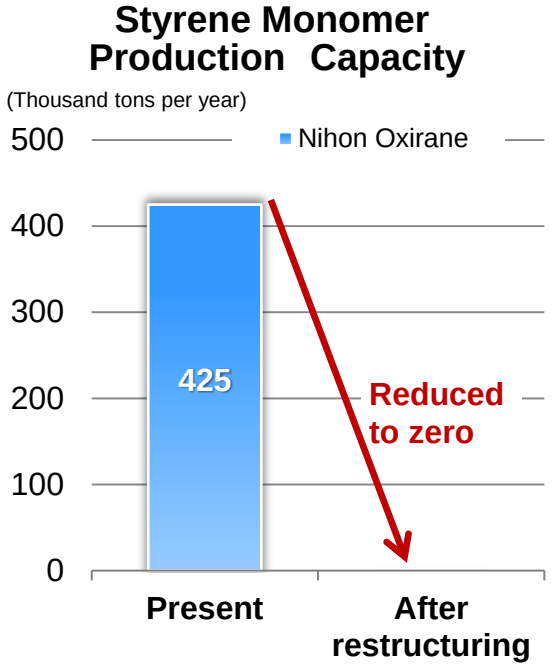
Optimize production capabilities (May 2015)
Strengthen and maintain petrochemicals business in Japan

Shut down ethylene plant



Cease operation of Nihon Oxirane





Restructure Caprolactam Business and MMA Business

Restructure Caprolactam Business

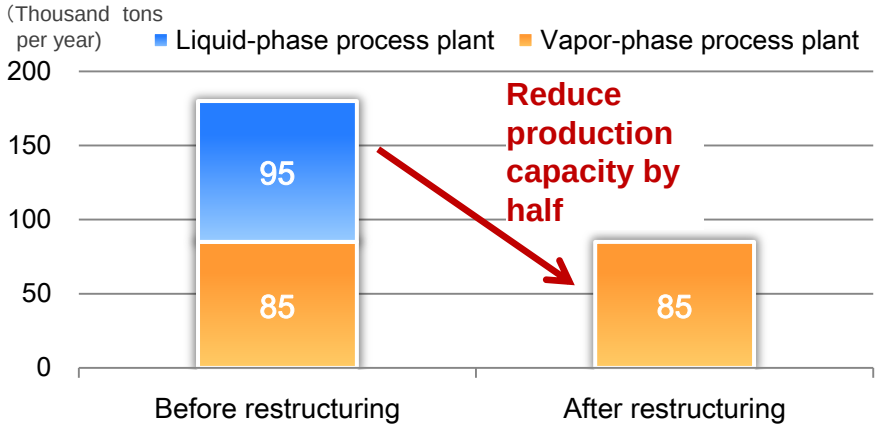
Business environment

Deterioration in supply-demand balance due to a sharp increase in supply in China

Shut down liquid-phase process plant

- Close down by the end of 2015 liquid-phase process plant, which has been in operation for over 39 years
- Improve vapor-phase process technology
- Keep the optimal size of caprolactam business and maintain the supply to key customers by using the capacity of the vapor-phase process plant and procuring caprolactam from a third party as needed

Caprolactam Production Capacity



Note: The liquid-phase process plant began operation in 1965, and the gas-phase process plant in 2003

Restore competitiveness of MMA business

Business environment

A sharp decline in demand for MMA used in light guide plates

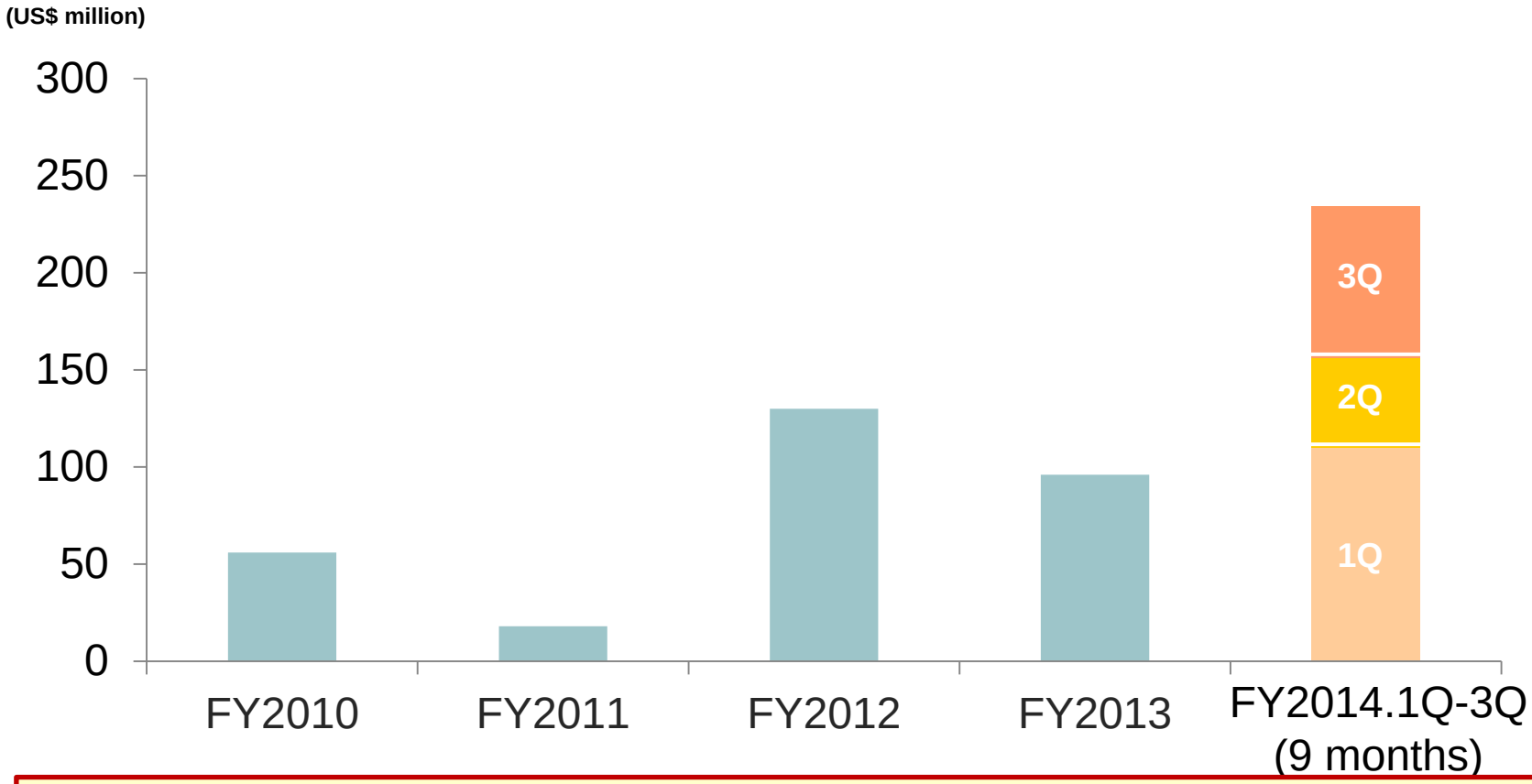
Launched initiatives to restore competitiveness

- Closed down MMA polymer production facilities in Ehime, Japan, in December 2013
- Shifted major part of MMA operations to Singapore

Initiatives to restore competitiveness

Short term	Mid to long term
• Rationalization • Price increases • Development of new applications and sales expansion • Development of high-performance catalysts	• Rabigh Phase II Project • In-house production of raw materials

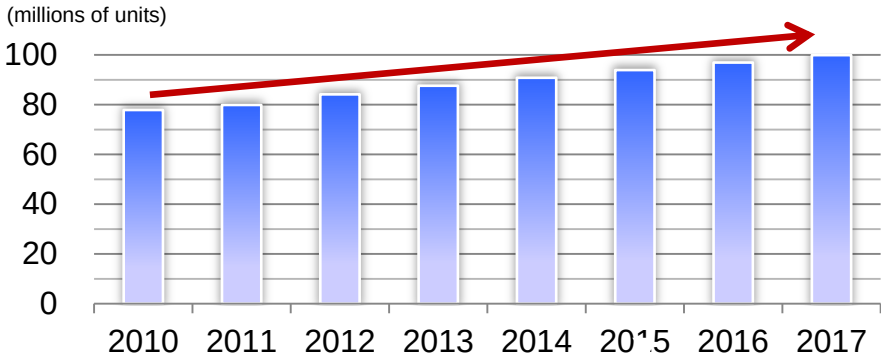
Petro Rabigh: Net Income



Outlook for Petro Rabigh's FY2014 earnings:
record-high resulting from stable high operating rate

Achieve Higher Added Value in Petrochemicals Business

Global Vehicle Production



(Source: Fuji Chimera Research Institute, Inc.)

Global Automotive Plastics Market

Market size (2012)	13 million tons/year
Growth rate (2012-2016)	5% per year

(Source: Fuji Chimera Research Institute, Inc.)

Reorganization: Established new Automotive Materials Division

PE Division	Advanced Polymers Division
PE	SBR
PP Division	**TPE**
Automotive PP	EPDM
PP compounds	Special copolymers
Non-automotive PP	

Polyolefines Division	Automotive Materials Division	Advanced Polymers Division
Non-automotive PP	**Automotive PP**	SBR
	PP compounds	EPDM
	TPE	Special copolymers

- **Consolidated automotive plastics marketing and sales functions**
- **Strengthened planning and management of global business operations**

Example of High-Value Added Products Airbag Covers

Properties required for TPE used for airbag covers

Common property requirements

- Airbag inflation performance
- Ease of forming and processing
- Light resistance

+

Key property requirements for different types of airbags

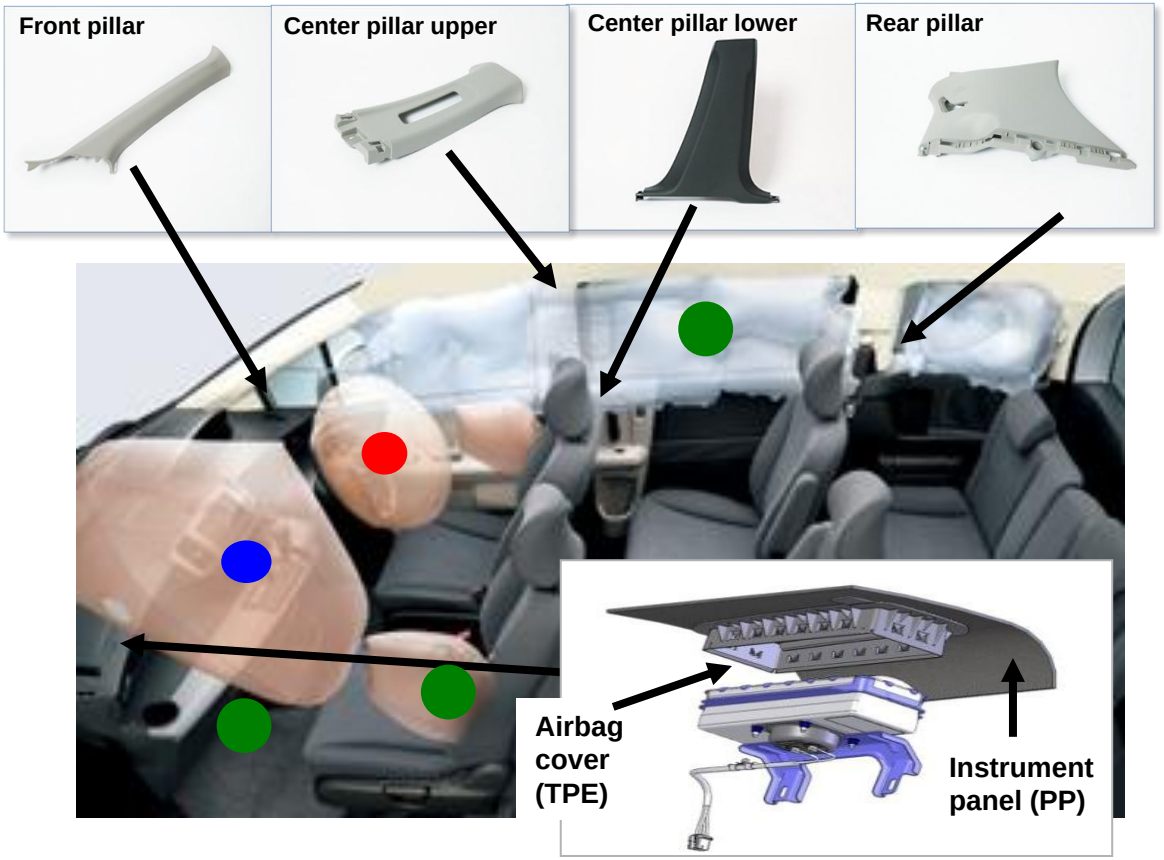
Driver's seat airbag	Front passenger seat airbag	Curtain airbag
• Appearance	• Weld strength	• Rigidity • Cost

Strengths in TPE business

Producing raw materials (PP and EPDM) in-house

↓

Swiftly develop and supply TPE with specific properties that customers demand



Expand sales of plastics for airbag-related parts by leveraging the strengths in TPE business

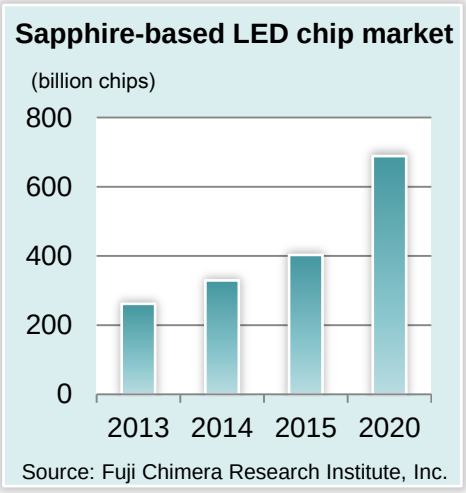
Bulk Chemicals Expand Inorganic Materials Business

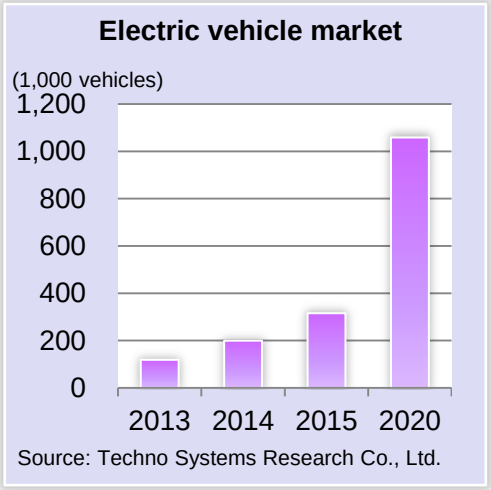
Features of Sumitomo Chemical's high-purity alumina

- Low impurities
- Particle size and shape tailored to customer needs

Further expand its market share, currently the largest in the global market

Examples of end-uses of high-purity alumina

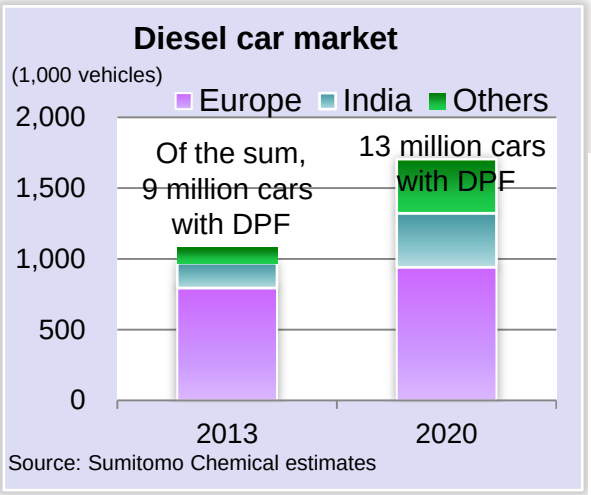


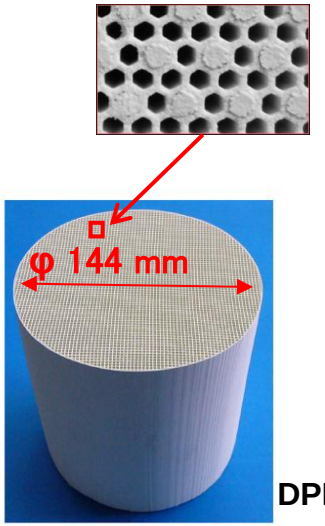


Features of Sumitomo Chemical's DPF

- Small and lightweight
- Low pressure loss（improvement of fuel efficiency）
- Low cost

Planning to begin commercial-scale production in 2015





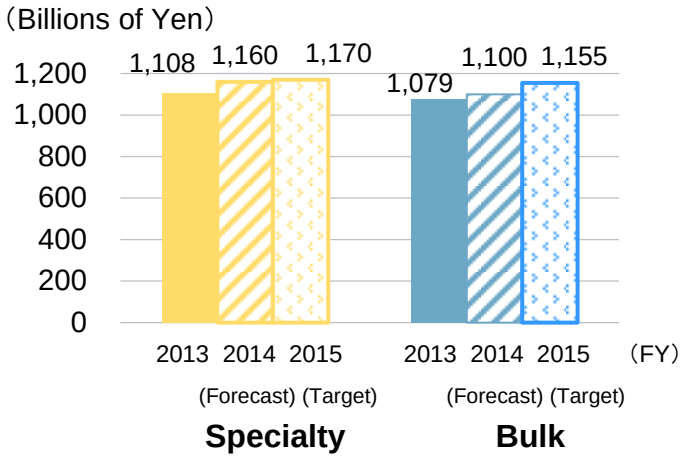
DPF

Developing inorganic materials business into a core business in the future

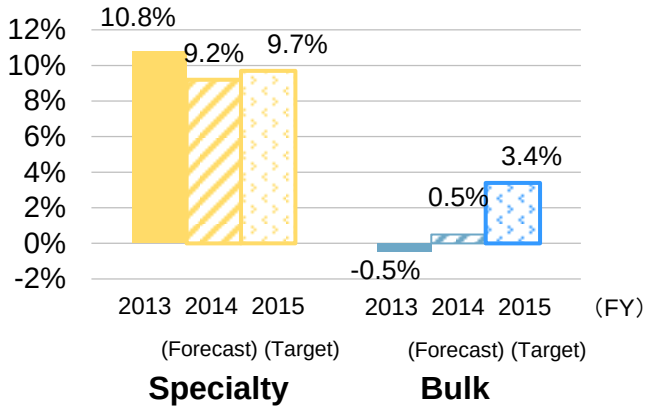
Become a More Resilient Sumitomo Chemical through Business Restructuring

Change and Innovation

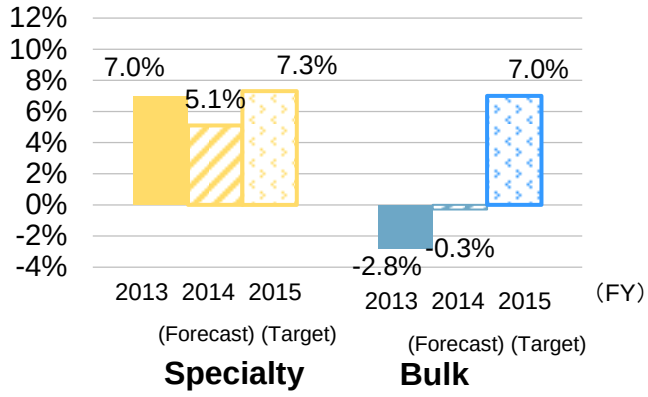
Sales



Operating Margin



Return on Investment



- **Expand specialty businesses**
- **Restructure underperforming businesses**
- **Quickly maximize returns on major investments**

Improve business portfolio

Establish robust business foundations

Enhance Financial Strength

Cash Flow Projections

Change and Innovation

(billions of yen)

	Corporate Business Plan FY2010-FY2012 (Result)	New Corporate Business Plan		
		FY2013-FY2015 (Target)	FY2013 (Result)	FY2014 (Forecast)
Cash flows from operating activities	472.3	540.0	194.4	235.0
Cash flows from investing activities	- 445.7	Below - 400.0	- 135.2	-95.0
Free cash flows	26.6	*1 Over 200.0	59.2	140.0

Note *1: Includes decreases in cash and cash equivalents

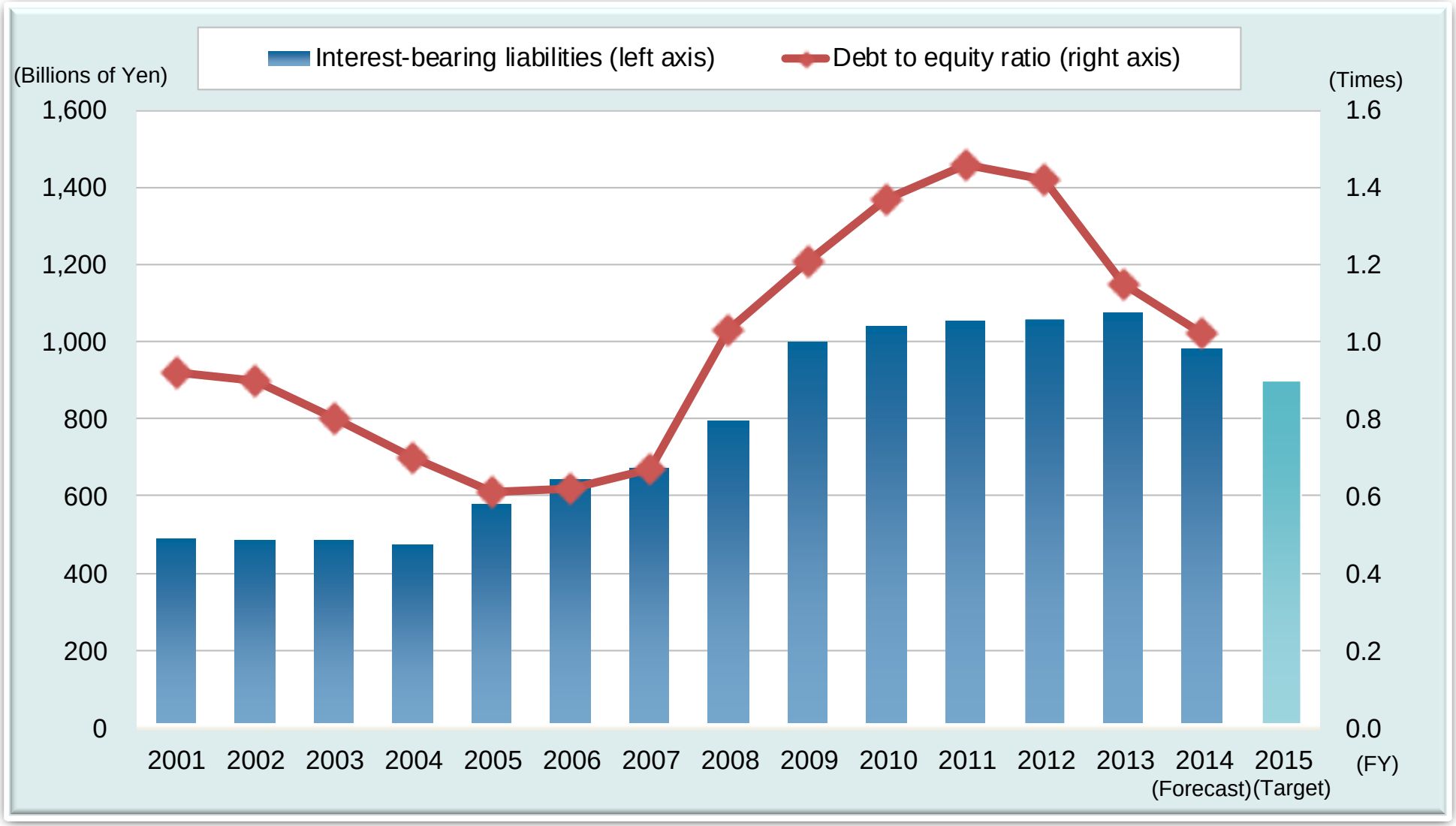
(billions of yen)

	End of FY2012 (Result)	End of FY2015 (Target)		
			End of FY2013 (Result)	End of FY2014 (Forecast)
Interest-bearing liabilities	1,060.6	900.0	1,074.6	980.0

Note : Rabigh Phase II advance payments: 24 bn yen at the end of FY2012, 75 bn yen at the end of FY2013

Interest-Bearing Liabilities and D/E Ratio

Change and Innovation



Develop Next-Generation Businesses

Develop Next-Generation Businesses

Change and Innovation

Launch	2011	2015	2020-
Environment and Energy	✓Silicon solar cells (HEVA, electrode paste, etc.) ✓Lithium-ion secondary batteries (separators) ✓LED lighting applications (sapphire substrates and alumina, etc.)	✓PLED lighting Power semiconductors (epitaxial wafers) ✓High heat-resistant and high thermal-conductive resin ✓Diesel particulate filters CO_2 separation	Organic thin-film photovoltaics Next-generation secondary batteries
ICT		PLED (light emitting materials) ✓Next-generation polarizing films ✓Encapsulation materials for optical use ✓Flexible display materials and components	Organic semiconductors
Life Sciences	✓Drug for schizophrenia (LATUDA)	✓Safety evaluation and drug discovery using ES and iPS cells	Anticancer drugs targeting cancer stem cells Cell therapy Crop stress management Regenerative medicine

✓ Commercialized/ready to be commercialized

Build New Businesses on Core Technologies

Change and Innovation

Flexible panel project

Window film	Film-type touchscreen panel	Coated polarizing film	Barrier film

Joint development with customers

Open innovation
Technology license
Joint development

Organic/inorganic hybrid technology

Technology to create materials with new functions by designing functional organic and inorganic components at the nano and molecular levels

Open innovation
Joint development

Joint development with customers

Encapsulation materials for optical use

Commercialize Flexible Display Materials and Components

Creating Next-Generation Displays

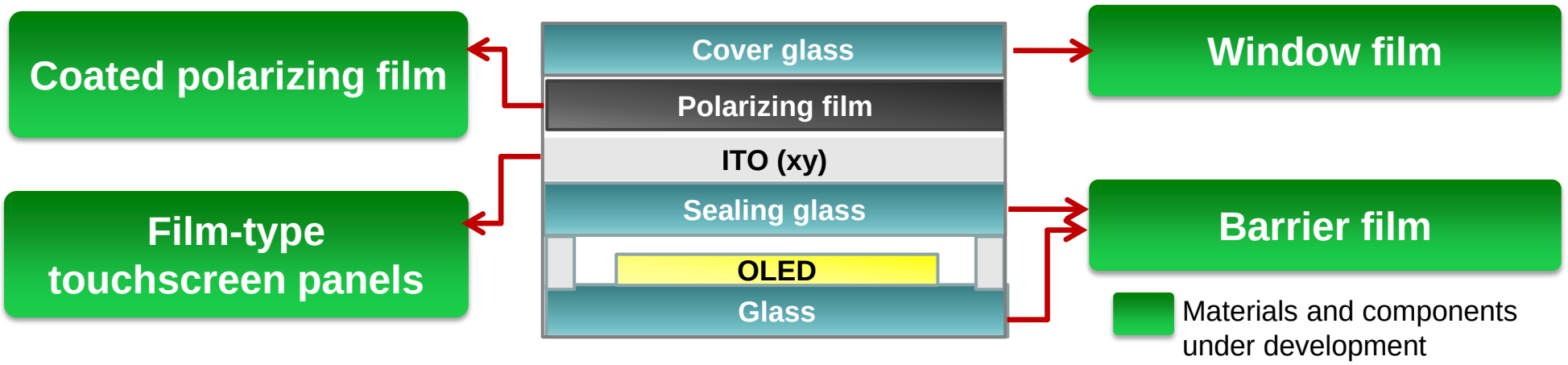
Sumitomo Chemical's Strengths

Outstanding material development capabilities as a diversified chemical company + **Strong product development capabilities and advanced processing technologies developed in the display materials business**

Replace glass with plastics → **Significantly reduce display's thickness and weight, while also improving durability**

Materials and components under development

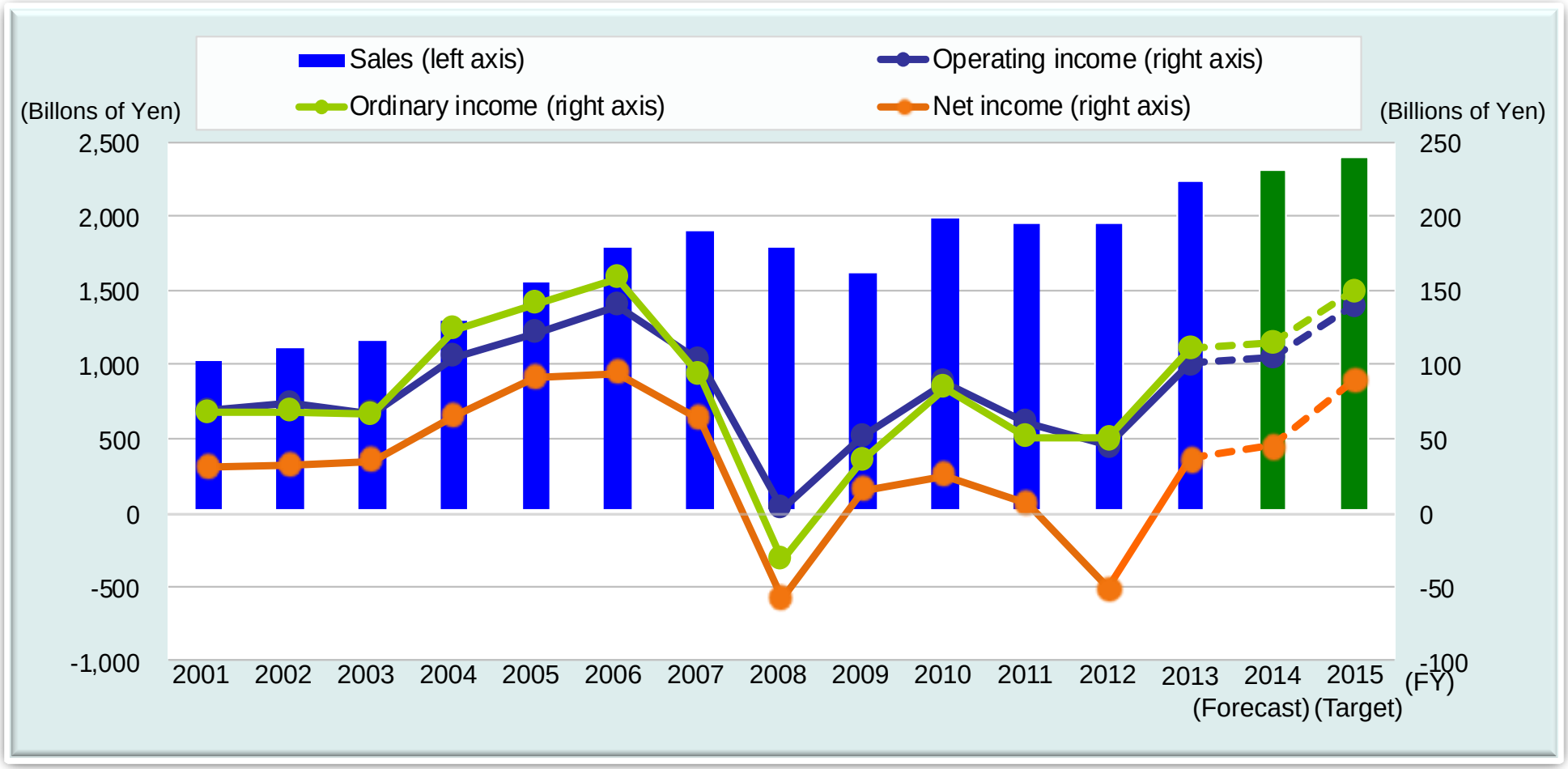
Current structure of organic LED



Shareholder Return

Performance Targets

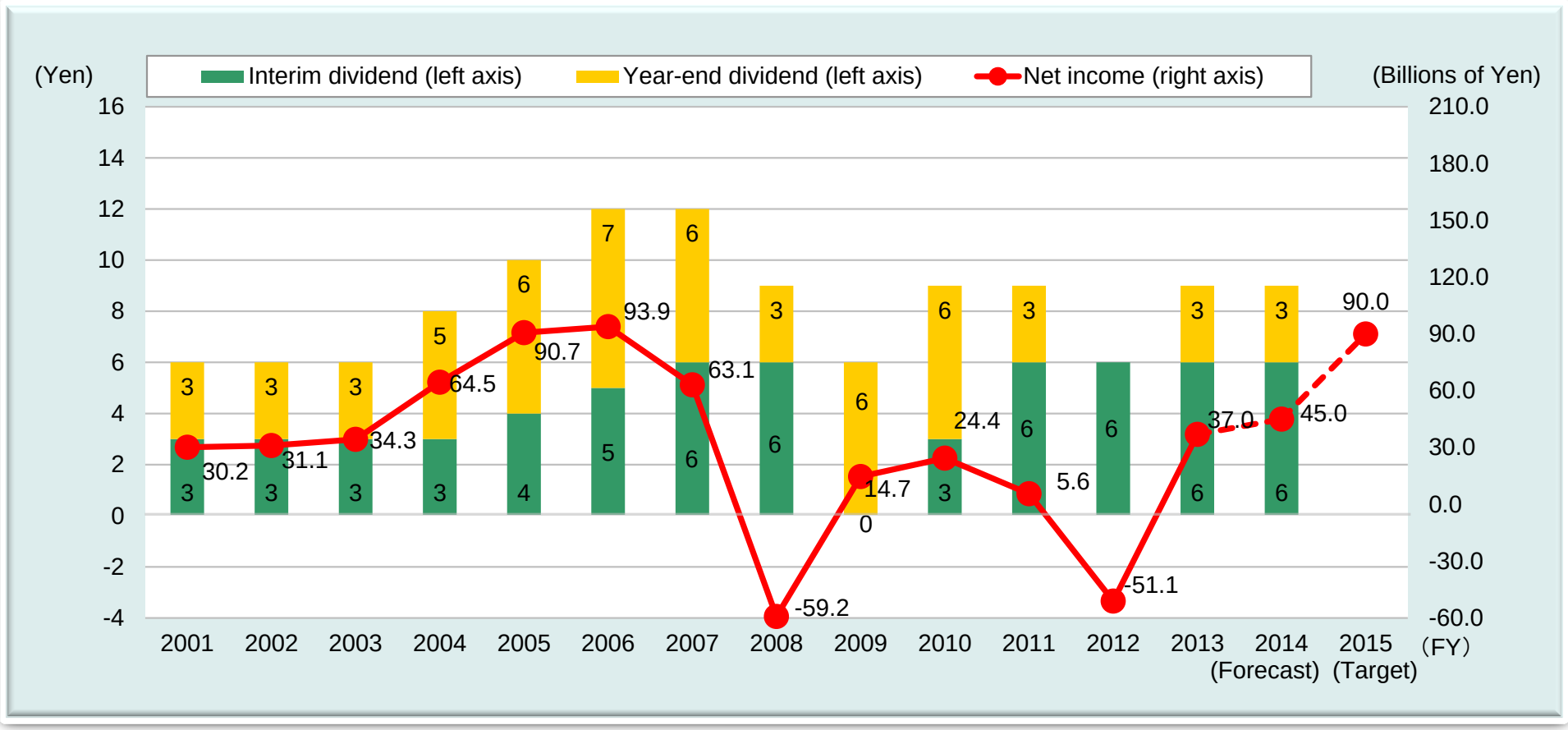
Change and Innovation



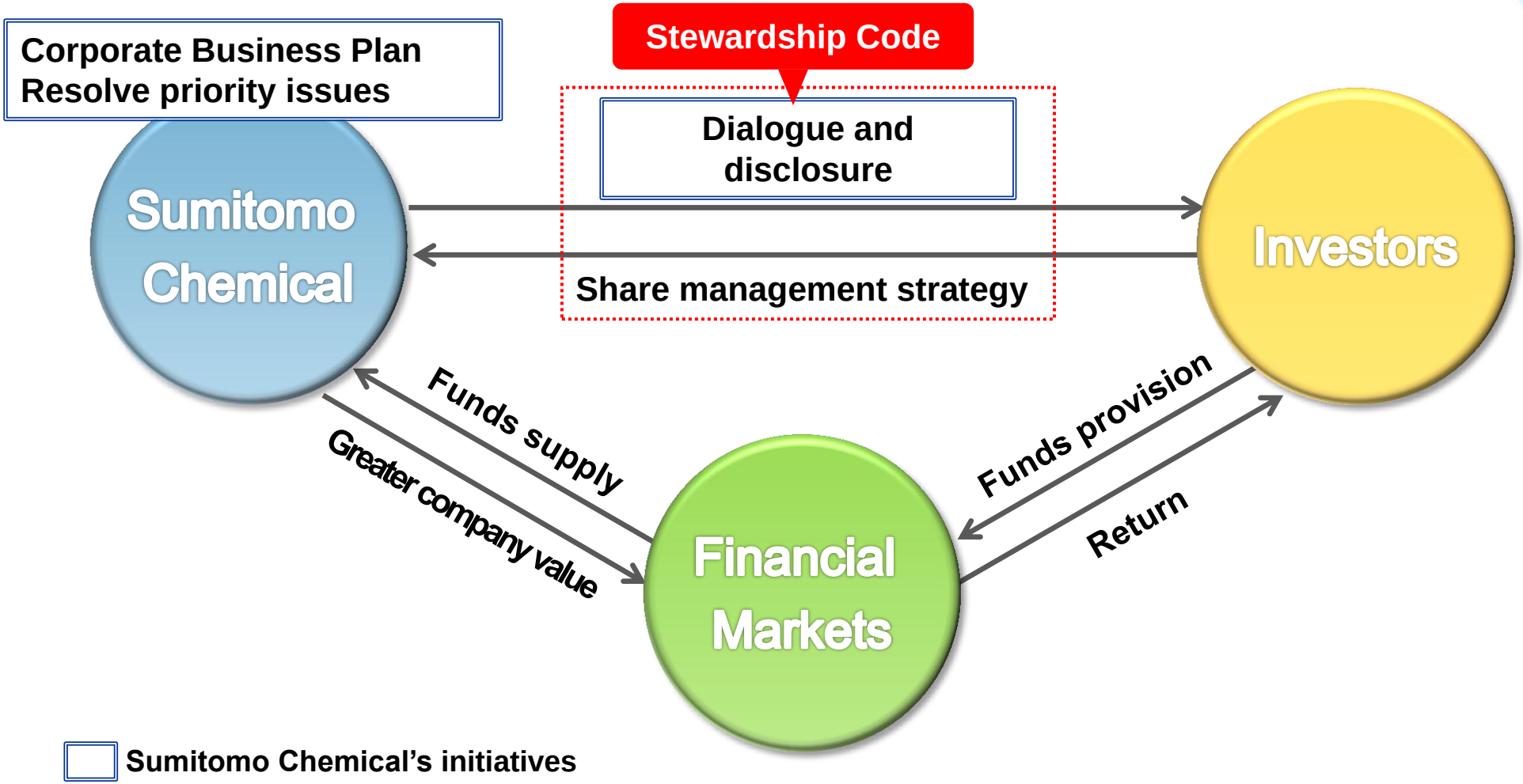
Dividend Policy

Change and Innovation

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.



Toward Sustained Growth

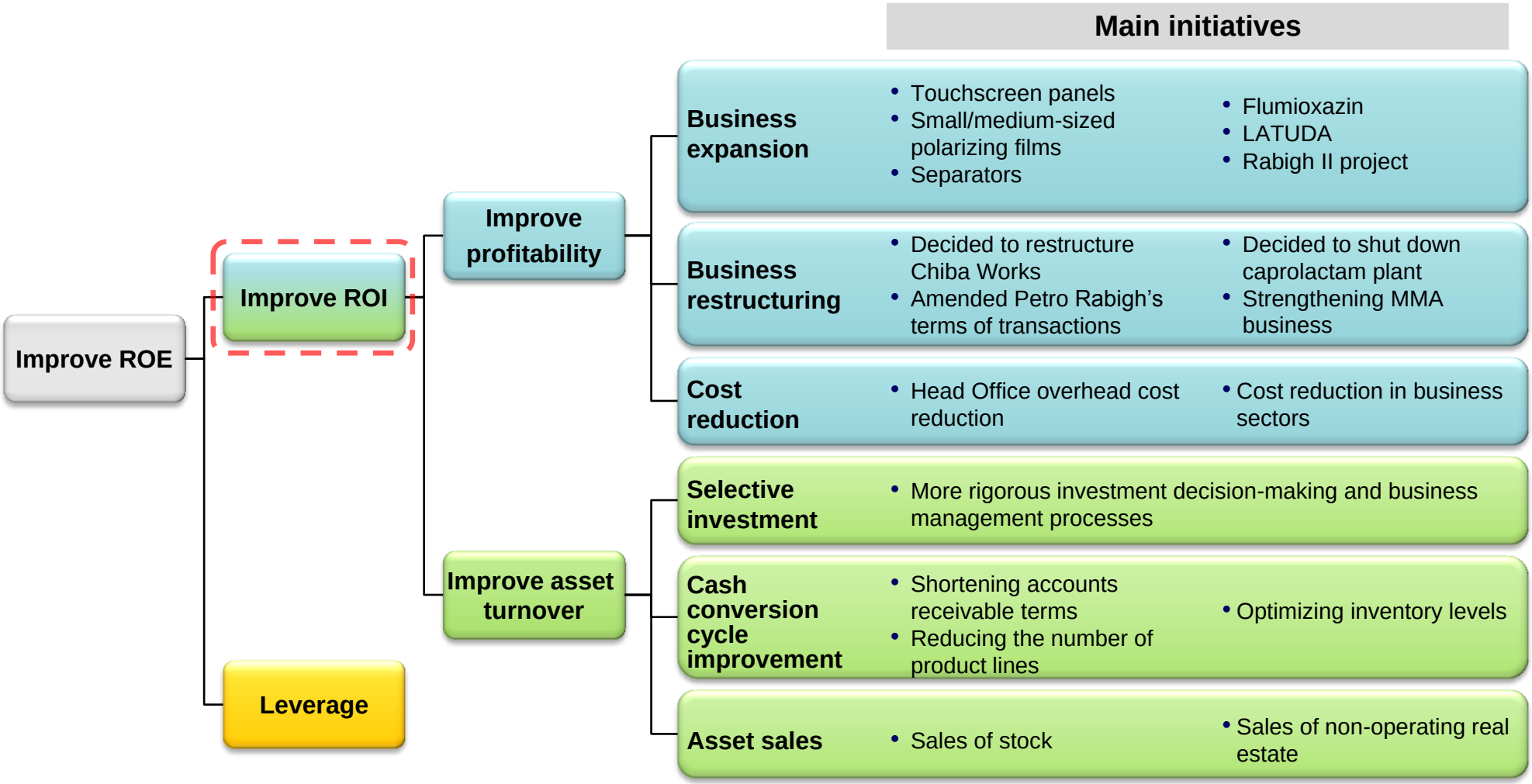


Sustained growth ❯ **Contribute to the economy and society at large**

Initiatives for Raising Corporate Value

Change and Innovation

Initiatives for raising ROI/ROE



Creative Hybrid Chemistry

SUMITOMO CHEMICAL

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.