

## **Sumitomo Chemical Announces Expansion of its Polypropylene Compounds Business in North America and Europe**

Sumitomo Chemical will establish new manufacturing and marketing operations in both North America and Europe for polypropylene (PP) compounds used in automobile bumpers and other components as part of the global strategy of its polypropylene business.

Sumitomo Chemical positions its PP business as one of its core petrochemical businesses and has long been actively promoting its global development. With manufacturing facilities in Chiba, Japan; Singapore; Texas, USA; and a plant in Rabigh, Saudi Arabia scheduled to come on-stream in the latter half of 2008, the Company operates four worldwide production bases capable of supplying an annual 2 million tons of PP using its proprietary technologies.

These global PP supply capabilities give Sumitomo Chemical distinct advantages in strategic development of downstream PP compounds, including outstanding capabilities in product design, cost competitiveness and stable supply. Taking maximum advantage of these strengths, Sumitomo Chemical will consolidate its position as a global player in the world's major markets for PP compounds. Last year, the Company established Zhuhai Sumika Polymer Compounds Co., Ltd. in China and began operation of a new plant with an annual production capacity of 10 thousand tons of PP compounds, and is studying plans for further expansion. With global demand for PP and PP compounds increasing, Sumitomo Chemical has decided to establish new bases of operation in the two major automobile producing regions of North America and Europe.

In North America, Sumitomo Chemical has for many years operated its business in PP and PP compounds through Phillips Sumika Polypropylene Company, a joint venture with Chevron Phillips Chemical Co. LLC, and is also expanding its sales volume of PP compounds through toll manufacture. Under the current plan, a new joint venture will be established between Sumitomo Chemical and the Toyo Ink Group, and the new company will construct a new PP compound plant to further expand the business in North America with higher quality and more cost-competitive products.

Sumitomo Chemical's PP and PP compounds business operations in Europe, however, have been rather limited until now. Following a series of studies on the best ways to expand the business, Sumitomo Chemical has entered into an agreement together with the Itochu Group and Toyo Ink Group to acquire the PP compound operations run by Asahi Kasei Chemicals and Planesa S.A. in the UK and France. The businesses targeted by this acquisition serve a broad spectrum of the automotive and home appliance industries in Europe. Leveraging its global PP supply capabilities and advanced technologies accumulated over many years, Sumitomo Chemical seeks to actively strengthen this existing business as well as both further the development of its compounds business and increase the value-added of its products.

This expansion will enable Sumitomo Chemical to enhance its global PP compound supply capabilities to meet the needs of its customers as they expand their businesses worldwide. The Company will continue actively to expand, strengthen and add value to its business in PP and PP compounds.

## Overview of New Businesses

### 1 . Overview of North American company:

- **Name:** Sumika Polymer Compounds America Inc.
- **Headquarters:** A suburb of Atlanta, Georgia, USA
- **Business:** Manufacture and sale of PP compounds
- **Shareholding ratio:** Sumitomo Chemical 55%; Toyo Ink International 45%
- **Founded:** September 2007 (planned)
- **President:** TBA (Sumitomo Chemical appointee planned)
- **Production capacity:** 26 thousand tons/yr. of PP compounds
- **Number of employees:** Approx. 50 persons
- **Start of operations:** Early 2009 (planned)

### 2 . Overview of European business acquisition:

- **Name:** (Current name)  
AK&N(UK) Limited  
(Planned new name)  
Sumika Polymer Compounds Europe Limited
- **Headquarters:** Havant, England (suburb of Portsmouth, England)
- **Main offices:** England (Havant), France (Arles)
- **Business:** Manufacture & sale of resin compounds, mainly PP
- **Shareholding ratio:**  
(Prior to acquisition) Asahi Kasei Chemicals 65%; Planesa S.A. 35%  
(After acquisition) Sumitomo Chemical 50%; Itochu Group 25%; Toyo Ink Group 25%
- **President:** TBA (Sumitomo Chemical appointee planned)
- **Production capacity:** UK 40 thousand tons/yr., France 20 thousand tons/yr.  
(total 60 thousand tons/yr.)
- **Number of employees:** Approx. 165 persons
- **Sales** Approx. ¥11 billion/yr.