

## Sumitomo Chemical to Expand Global Polypropylene Compound Supply Capabilities

Sumitomo Chemical has announced that it will establish new polypropylene (PP) compound manufacturing and marketing operations in Thailand and Saudi Arabia, and expand production capacity at its plant in China in cooperation with Toyo Ink Manufacturing of Japan (Toyo Ink), as it continues to develop its PP business globally.

PP compounds are high-performance materials made by kneading PP with synthetic rubber and inorganic fillers to improve such parameters as functionality and rigidity, and are used widely in automobile bumpers and interiors as well as other applications.

Sumitomo Chemical has long been actively expanding its PP business globally, and is currently constructing a new plant in Saudi Arabia. When completed, it will be the fourth PP production base for Sumitomo Chemical, in addition to its facilities in Singapore; Texas, U.S.; and Chiba, Japan, bringing the company's total annual production capacity to 2 million tons. Sumitomo Chemical is taking maximum advantage of its global PP production network to better meet growing worldwide demand from its customers for PP compounds.

Following the company's PP compounds business expansion in North America and Europe as announced in August 2007, it is now looking to the growth potential of the market in Asia. Recently, Thailand is becoming a major market for automobiles in Southeast Asia, and in particular, Japanese automobile manufacturers are increasing their presence there. With car production in the country by Japanese manufacturers expected to grow some 30% by 2010, Thailand's automotive market ranks in importance with those of Japan, North America, Europe and China. The buoyant growth of the country's automotive market offers promising opportunities for our PP compounds business in the years ahead. In Southeast Asia, Sumitomo Chemical has expanded its PP production capabilities over many years through its subsidiary, The Polyolefin Company (Singapore) (TPC). Given the high growth potential of Thailand's automotive market, operation of Sumitomo Chemical's own new PP compound manufacturing base in the country will enable the company to further enhance marketing of its high-quality, highly cost competitive PP compounds in Thailand and surrounding countries.

In Saudi Arabia, Rabigh Refining and Petrochemical Company (Petro Rabigh), our affiliate founded by Sumitomo Chemical and Saudi Aramco, is in the final stage of constructing its complex, and Sumitomo Chemical and Toyo Ink are now constructing a new facility for PP compounds that will use mainly the PP produced by the Rabigh complex. The new facility will supply PP compounds competitively to the markets of Asia, Africa, Europe and others by leveraging the distinct advantage of production

capabilities in the Rabigh area integrated from raw materials through to final products.

In China, Sumitomo Chemical and Toyo Ink established the PP compounds joint venture Zhuhai Sumika Polymer Compounds Co., Ltd. (Zhuhai Sumika Polymer) in 2005, which is now operating its plant at full capacity and expanding sales of its products. The number of automobiles produced by Japanese manufacturers in China is expected to increase substantially, some 40% greater in 2010 than in 2007, and these manufacturers are rapidly expanding production, particularly in the South of China, where Zhuhai Sumika Polymer is located. Therefore, the company has decided to expand its PP compound production capacity by adding a new production line as it seeks to achieve further business development in the Chinese market.

< Overview of New Businesses >

1. Thailand

- **Company name:** Sumika Polymer Compounds Thailand (tentative name)
- **Headquarters:** Wellgrow Industrial Estate outside of Bangkok
- **Ownership:** Sumitomo Chemical: 55%; Toyo Ink Group: 45%
- **Production capacity:** 11 thousand tons/yr.
- **Incorporation:** Middle of 2008

2. Saudi Arabia

- **Company name:** Sumika Polymer Compounds Saudi Arabia (tentative name)
- **Headquarters:** Rabigh Conversion Industrial Park
- **Ownership:** Sumitomo Chemical: 55%; Toyo Ink : 45%
- **Production capacity:** 10 thousand tons/yr.
- **Incorporation:** Middle of 2008

3. China

- **Company name:** Zhuhai Sumika Polymer Compounds Co., Ltd.
- **Headquarters:** Fushan Industry Area, Doumen Country, Zhuhai City. Guangdong Province, People's Republic of China
- **Ownership:** Sumitomo Chemical: 55%; Toyo Ink : 45%
- **Production capacity:** 22 thousand tons/yr. following an 11 thousand ton capacity expansion
- **Incorporation:** Established in May 2005, started operation in 2006