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Sumitomo Chemical Expands Production Capacity for Feed Additive Methionine

Sumitomo Chemical has decided to expand production capacity for the feed additive Methionine with a new production line in its Ehime Works (Niihama city, Ehime, Japan) in order to meet strong demand growth. The Company will expand capacity by approximately 40 thousand tons per year, bringing its total capacity for Methionine to approximately 140 thousand tons per year. The expanded facility is scheduled to start operation in the first quarter of 2010, and will further consolidate Sumitomo Chemical's position as Asia's leading supplier of Methionine.

Methionine is a form of essential amino acid that animals' metabolic systems are unable to synthesize, and is added to most feeds for poultry. Poultry feed is made mainly from corn or soybean meal, which often are lacking in Methionine, and Methionine is used to improve the quality of chicken meat and eggs as well as to improve productivity. Furthermore, adding Methionine reduces the nitrogen content of chicken excrement.

As the world's population increases and people in developing and emerging countries adopt more meat-intensive diets, and as people become increasingly health-conscious, they tend to eat more poultry meat. They also need to manage livestock excrement and meet regulations to address related environmental problems, as well as concerns about medium- to long-term shortages of livestock feeds or price hikes. For these and other reasons, demand for Methionine has been increasing in recent years, and the current global market of 700 thousand tons per year forecast to grow at a rate of as much as 5% annually.

Nevertheless, only a small number of companies worldwide manufacture Methionine. Sumitomo Chemical, with its roughly 100 thousand-ton-per-year facility, is among them, but strong demand growth in recent years has led to tight supply conditions, and the Company has been unable to meet its customers' needs with the current capacity. Therefore, Sumitomo Chemical has decided to undertake the current capacity expansion of approximately 40 thousand tons per year, taking advantage of its highly cost-competitive production capabilities -- integrated from raw materials through to finished products -- and its strong position in the high-growth Asian market.

Sumitomo Chemical focuses on life sciences as one of its core areas and continues to strengthen and expand its related businesses. The current capacity expansion for Methionine is part of these efforts. As a global supplier of Methionine, Sumitomo Chemical will continue to further expand its Methionine business and provide its customers with a stable supply to meet the growing demand. Therefore, in addition to the expansion of its production facilities at its Ehime Works, the Company is also studying further expansion, including production in China.