

May 19, 2016

Sumitomo Chemical to Expand Production Capacity for Feed Additive Methionine in Ehime

Sumitomo Chemical has decided to expand its production capacity for the feed additive methionine by adding a new production line in its Ehime Works in Niihama City, Ehime Prefecture, Japan, to meet the active demand in the market. By this expansion, the Company will increase its capacity by approximately 100,000 metric tons per year, bringing the total production capacity for methionine to approximately 250,000 metric tons per year, including existing facilities. The new facility is scheduled for completion in mid-2018.

Methionine is an essential amino acid that cannot be synthesized in an animal body. It is widely used as a feed additive in livestock industry mainly for poultry feed to increase productivity of chicken meat and eggs, as poultry feed, which is made mainly from corn, often does not contain sufficient amount of methionine. Adding methionine and producing a proper balance of amino acids in feed also helps the poultry to absorb the amino-acids efficiently, thus reducing nitrogen compounds in poultry excrement, which are a source of greenhouse gas emission.

In recent years, demand for methionine has kept increasing for a variety of reasons, such as the growth of the world population, the spread of meat-eating culture in emerging countries as their economies grow, soaring prices of fishmeal, which is a feed ingredient with relatively high methionine content, and increased methionine requirement in livestock with breed improvement. The global methionine market is estimated currently at 1.1 million tons. It has grown at an annual rate of about 6 percent last year and is expected to continue its growth at the similar annual rates.

Sumitomo Chemical's decision to locate the new line at the Ehime Works with one of the largest investments in Japan for the Company, was taken after due consideration of multiple factors, the most critical of which was the cost competitiveness. As far as methionine production is concerned, cost advantages accrue specifically from a variety of benefits that the Works and its location can provide. They include a reservoir of methionine manufacturing know-how amply accumulated within the Works, availability of cost-efficient integrated production from raw materials through to a finished product, and the Works' comprehensive infrastructure capable of supporting methionine production, coupled with the location's geographical proximity and easier access to Asian markets where the demand is growing significantly and also a generally favorable investment climate, including the local governments' initiatives, both prefectural and municipal, to welcome the investment.

Sumitomo Chemical regards life sciences, which has strong growth prospects, as one of its key areas of business and is constantly promoting the expansion of its activities in the field. With this capacity expansion, Sumitomo Chemical will reinforce its position as a leading player of the methionine business in Asia, and at the same time will work to contribute to ensuring a stable food supply globally.