

Sumitomo Chemical and ITOCHU Announce Basic Agreement to Collaborate on Distribution of Methionine

Sumitomo Chemical Co., Ltd. (headquartered in Chuo-ku, Tokyo; Masakazu Tokura, Representative Director & President, hereinafter “Sumitomo Chemical”) and ITOCHU Corporation (headquartered in Minato-ku, Tokyo; Masahiro Okafuji, President & CEO; hereinafter “ITOCHU”) announced that they have reached a basic agreement to proceed with a discussion of distribution collaboration of the feed additive methionine, to be produced in the new production line (the “New Production Line”) at the Ehime Works of Sumitomo Chemical, following a decision to increase production capacity.

The scope of collaboration includes the establishment of a new joint venture to support the sales of methionine to be produced in the New Production Line (approximately 100,000 metric tons per year), with a certain volume of methionine to be distributed through ITOCHU.

ITOCHU will bring a variety of strengths to this collaboration, as a general trading company with a global sales network. In addition, through a strategic alliance and capital participation, ITOCHU has formed a strong relationship with the Charoen Pokphand Group Company Limited (CP Group), one of Asia’s largest purchasers of methionine.

For its part, Sumitomo Chemical will bring cost-competitiveness in its methionine production operation, which integrates all production operations from raw material inputs to finished product, along with advanced technological capabilities, accumulated knowhow, and years of proven safe and stable operations. Meanwhile, Sumitomo Chemical’s production sites in Japan give it a geographic advantage in supplying product to local clients such as the CP Group, which has animal-feed factories in such countries as Thailand and China.

This basic agreement for collaboration is a confluence of both Sumitomo Chemical aiming for quick sales growth after its production expansion, and ITOCHU seeking to expand its sale of animal feed products with a reliable supply of methionine. With ITOCHU paying for some of the product upfront, this agreement has the added benefit for Sumitomo Chemical of improving cash flow with an earlier return on investment.

By bringing together their strengths in having gained solid footholds in the markets of China and Asia, Sumitomo Chemical and ITOCHU will further strengthen their businesses in these markets, contributing to a stable food supply on a global scale.

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