

Financial Results Overview and Performance Outlook



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- Enhance Global Management

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Overview of FY2010 Financial Results



FY2010 Financial Results

(Billions of yen)

	FY2009	FY2010	Change
Sales	1,620.9	1,982.4	+361.5
Operating Income	51.5	88.0	+36.5
Equity in Earnings of Affiliates	-7.0	10.8	+17.8
Ordinary Income	35.0	84.1	+49.1
Extraordinary Gains/Losses	6.3	-8.4	-14.7
Income Taxes	-11.3	-34.8	-23.5
Minority Interests	-15.2	-16.4	-1.2
Net Income	14.7	24.4	+9.7
Naphtha Price	¥41,200/kl	¥47,500/kl	
Exchange Rate	¥92.89/US\$	¥85.74/US\$	
Dividend per Share	¥6/share	¥9/share	

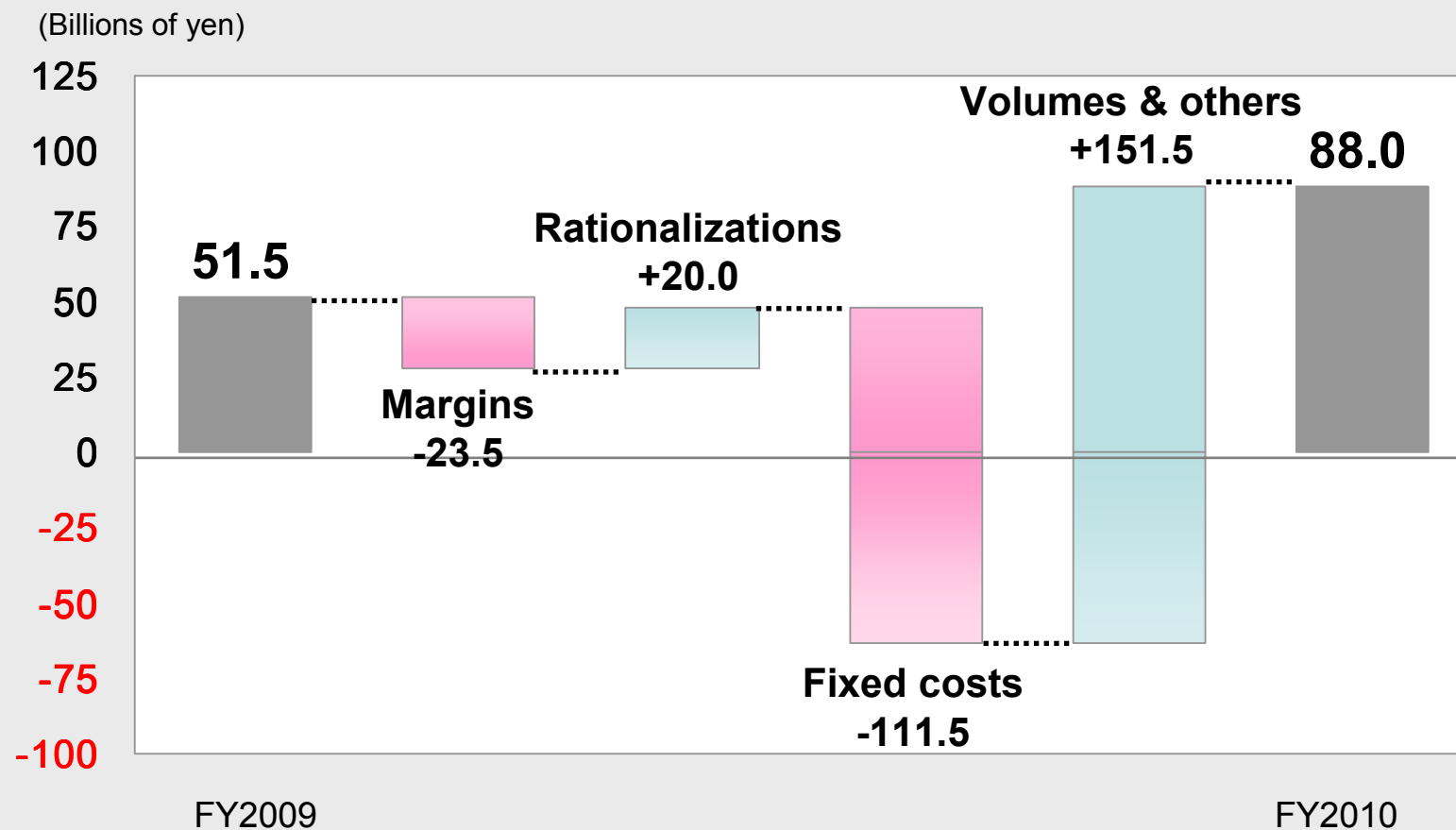
FY2010 Sales by Segment

(Billions of yen)

	FY2009	FY2010	Change	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	203.3	248.5	+45.2	+28.0	+17.2
Petrochemicals & Plastics	481.5	649.9	+168.4	+78.5	+89.9
Fine Chemicals	86.7	88.9	+2.2	-0.5	+2.7
IT-related Chemicals	265.2	322.3	+57.1	-25.0	+82.1
Agricultural Chemicals	211.5	215.8	+4.2	-2.5	+6.7
Pharmaceuticals	267.5	365.9	+98.4	-17.0	+115.4
Others	105.1	91.2	-13.9	—	-13.9
Total	1,620.9	1,982.4	+361.5	+61.5	+300.0
Sales Outside of Japan	728.9	1,056.7	+327.8		
Percentage of Sales Outside of Japan	45%	53%	+8%		

Change in Operating Income FY2009/FY2010

**FY2009 ¥51.5 billion → FY2010 ¥88.0 billion
(+¥36.5 billion)**



FY2010 Operating Income by Segment

(Billions of yen)

	FY2009	FY2010	Change	Major Factors for Changes in Profit
Basic Chemicals	1.3	21.3	+19.9	<ul style="list-style-type: none"> • Improvement in margins • Increase in shipping volumes
Petrochemicals&Plastics	-0.2	11.1	+11.4	<ul style="list-style-type: none"> • Improvement in margins • Increase in shipping volumes
Fine Chemicals	3.6	0.1	-3.5	<ul style="list-style-type: none"> • Increase in depreciation
IT-related Chemicals	6.3	26.1	+19.8	<ul style="list-style-type: none"> • Increase in shipping volumes • Progress in rationalization
Agricultural Chemicals	29.3	22.4	-6.9	<ul style="list-style-type: none"> • Increase in depreciation • Decrease in export sales in yen terms due to the appreciation of the yen
Pharmaceuticals	29.9	26.9	-3.0	<ul style="list-style-type: none"> • Increase in amortization expenses of patent rights following the acquisition • Impact of NHI drug price revision
Others	-18.7	-20.0	-1.3	
Total	51.5	88.0	+36.5	

FY2010 Financial Results

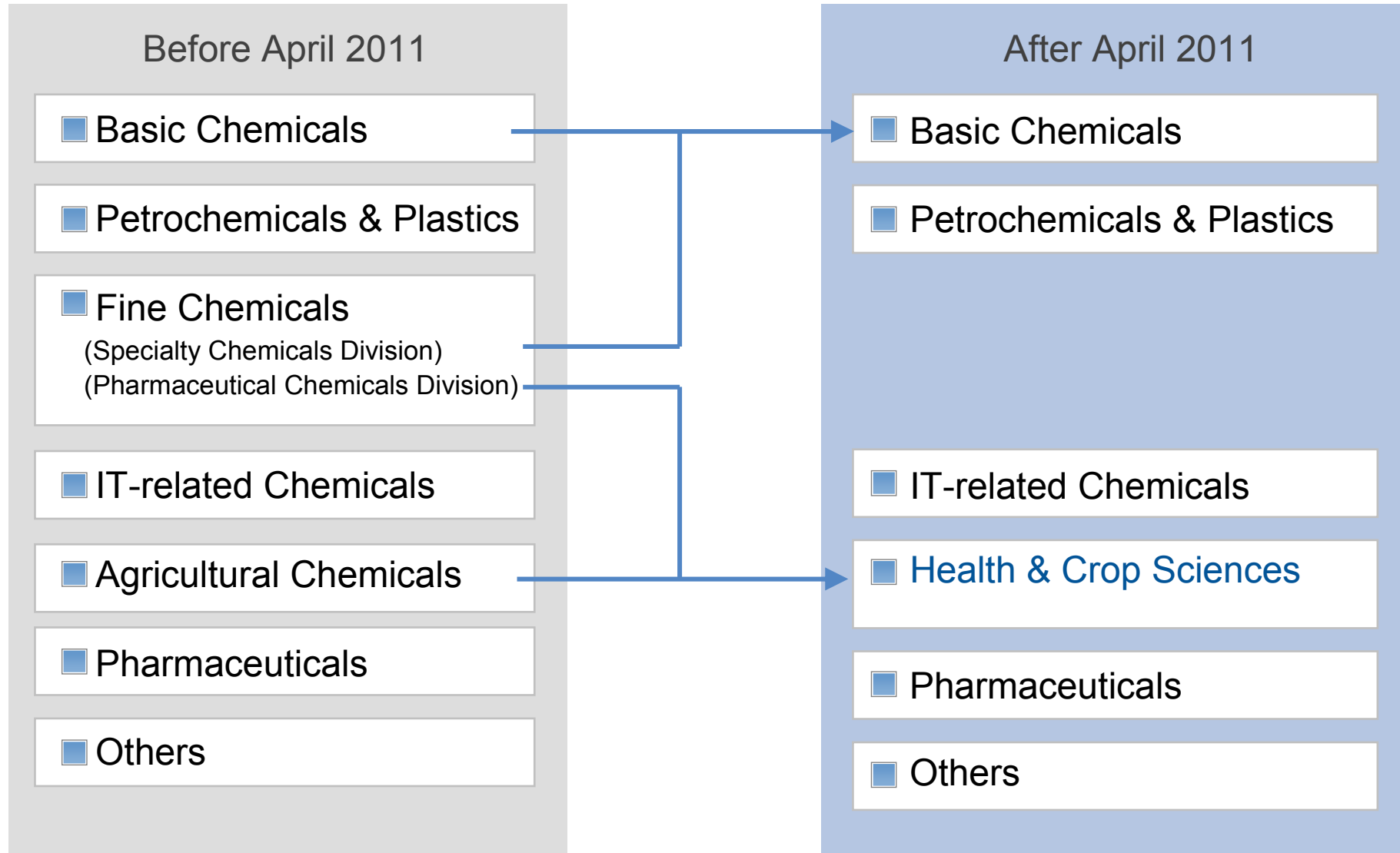
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Outlook for FY2011



Reorganization of Sectors



Outlook for FY2011

(Billions of yen)

	FY2010	FY2011 (Forecast)	Change
Sales	1,982.4	2,120.0	+137.6
Operating Income	88.0	80.0	-8.0
Equity in Earnings of Affiliates	10.8	18.0	+7.2
Ordinary Income	84.1	87.0	+2.9
Extraordinary Gains/Losses	-8.4	-2.0	+6.4
Income Taxes	-34.8	-25.0	+9.8
Minority Interests	-16.4	-10.0	+6.4
Net Income	24.4	50.0	+25.6
Naphtha Price	¥47,500/kl	¥61,000/kl	
Exchange Rate	¥85.74/US\$	¥82.50/US\$	
Dividend per Share	¥9/share	¥12/share	

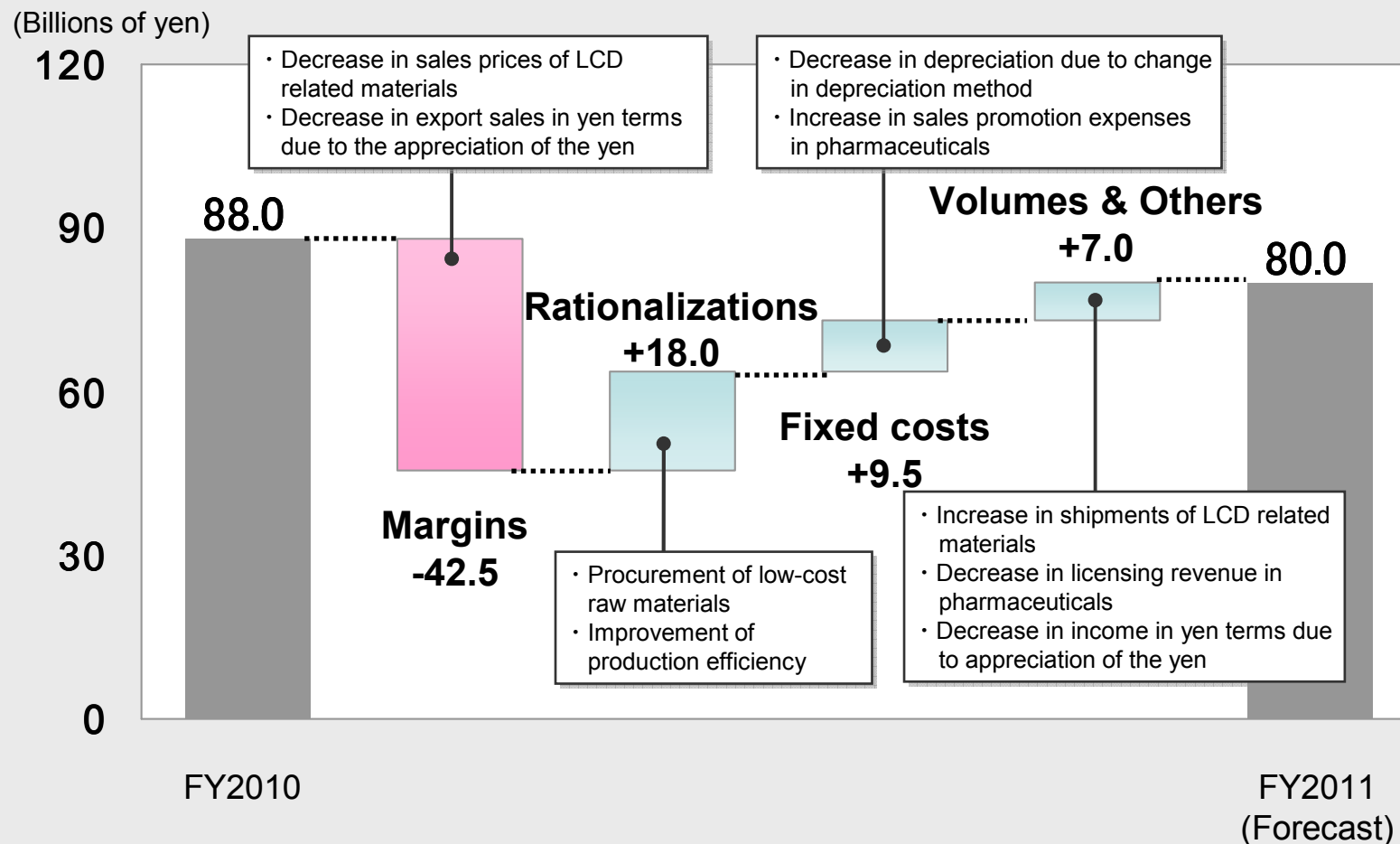
FY2011 Sales by Segment

(Billions of yen)

	FY2010	FY2011 (Forecast)	Change	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	302.3	300.0	-2.3	+5.0	-7.3
Petrochemicals & Plastics	649.9	755.0	+105.1	+120.0	-14.9
IT-related Chemicals	322.3	350.0	+27.7	-31.5	+59.2
Health & Crop Sciences	250.8	275.0	+24.2	-3.0	+27.2
Pharmaceuticals	410.6	390.0	-20.6	—	-20.6
Others	46.6	50.0	+3.4	—	+3.4
Total	1,982.4	2,120.0	+137.6	+90.5	+47.1
Sales Outside of Japan	1,056.7	1,170.0	+113.3		
Percentage of Sales Outside of Japan	53%	55%	+2%		

Change in Operating Income FY2010/FY2011

**FY2010 ¥88.0 billion → FY2011 ¥80.0 billion
(-¥8.0 billion)**



FY2011 Operating Income by Segment

(Billions of yen)

	FY2010	FY2011 (Forecast)	Change	Decrease in Depreciation due to Change in Depreciation Method	Major Factors for Changes in Profit
Basic Chemicals	20.6	22.0	+1.4	6.0	<ul style="list-style-type: none"> • Decrease in depreciation • Decrease in export sales in yen terms due to appreciation of the yen
Petrochemicals & plastics	11.1	9.0	-2.1	5.0	<ul style="list-style-type: none"> • Lower margins • Decrease in depreciation
IT-related Chemicals	26.1	26.0	-0.1	6.0	<ul style="list-style-type: none"> • Decrease in sales prices of LCD-related materials • Lower margins due to appreciation of the yen
Health & Crop Sciences	23.3	27.0	+3.7	5.0	<ul style="list-style-type: none"> • Increase in shipping volumes • Decrease in depreciation
Pharmaceuticals	28.7	17.0	-11.7	0.0	<ul style="list-style-type: none"> • Increase in sales promotion expenses • Decrease in licensing revenue
Others	-21.9	-21.0	+0.9	3.0	
Total	88.0	80.0	-8.0	25.0	

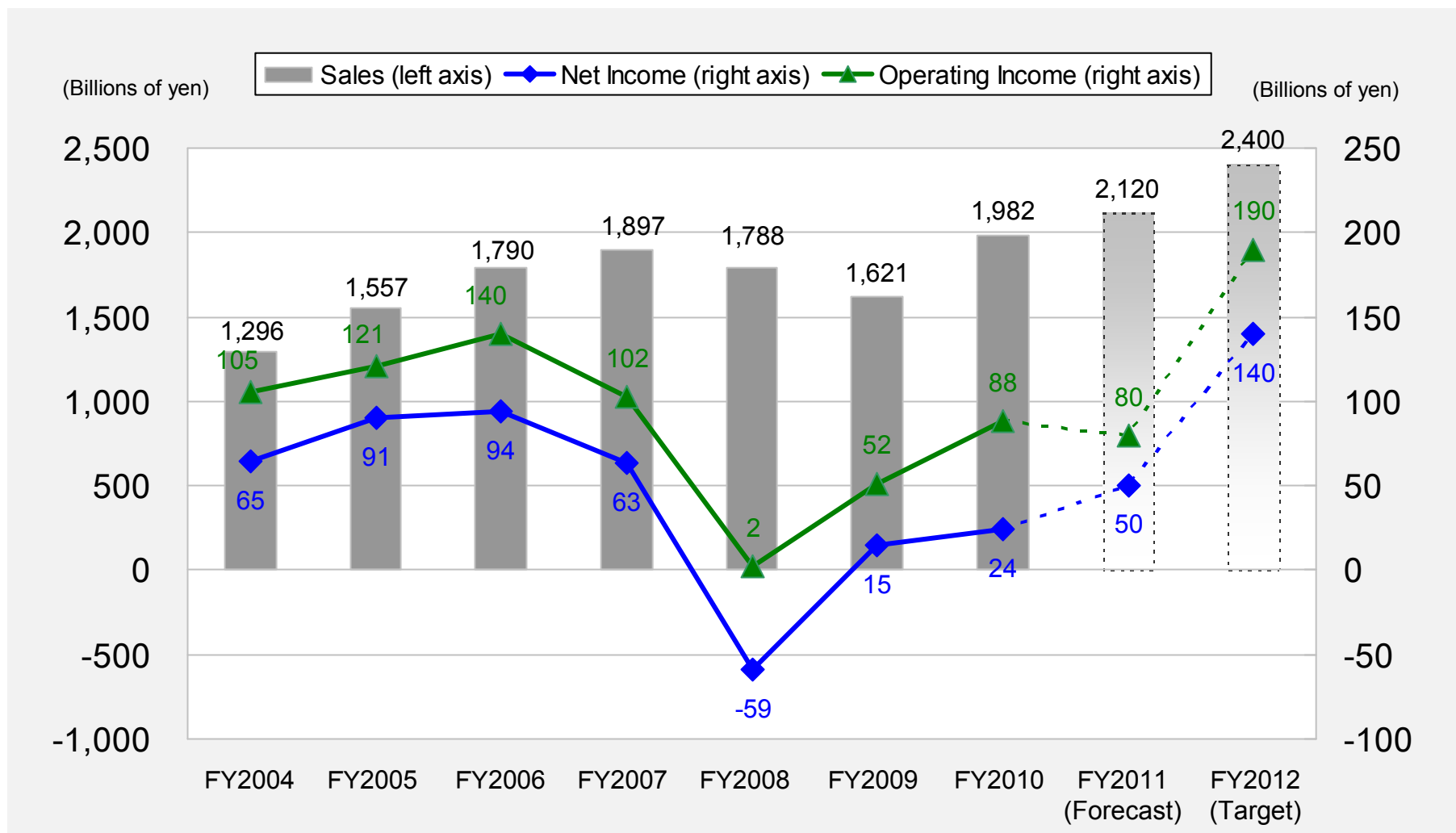
Outlook for FY2011

(Billions of yen)

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Trends in Performance

Sales, Operating Income, Net Income



Management Priority Issues and Strategies

Review of the Last 10 Years



Management Priority Issues for the Last 10 Years

Strengthen Fundamentals of Petrochemical Business

- Continuing oversupply of petrochemicals in Japan
- Increasingly tighter supply of naphtha and low prospects for increase in oil production
→ Increasing need to enhance competitive advantage by securing stable supply of cost-competitive feedstock

Gain Critical Mass in Pharma Business to Achieve Strong Growth

- Challenging business environment for Japan's pharmaceutical industry
(periodic cuts in national health insurance drug prices, increasing burden of R&D spending)
- Requirements for medium-sized pharmaceutical company to achieve stable growth:
 - Aggressive R&D investments in new drug research and development
 - Robust business that allows long-term, large-scale investments
 - Carefully-planned strategy and significant investments for global expansion

Develop New Core Business

- Need to develop another core business, in addition to the polyolefin and life sciences businesses, to drive future growth
- Need to consolidate and further expand businesses in the IT-related materials field, an area showing rapid growth worldwide

Strategies Implemented

■ Strengthen Fundamentals of Petrochemicals Business

- Rabigh Project (Decided in 2005 and operations started in 2009)
 - Achieving superior cost-competitiveness by using ethane gas feedstock with significant cost advantage
 - Pursuing economies of scale with world-scale production facilities
 - Maximizing synergies through integration of oil refining and petrochemical production

■ Gain Critical Mass in Pharma Business to Achieve Strong Growth

- Launch of Dainippon Sumitomo Pharma through merger of subsidiary Sumitomo Pharmaceuticals and publicly-listed Dainippon Pharmaceutical (in 2005)
- Acquired US pharmaceutical company Sepracor (now Sunovion) to enter the US market, the world's largest (in 2009)

■ Develop New Core Business

- Established IT-related Chemicals Sector (in 2001) by consolidating various electronic-material businesses and technologies operated separately in the company with the aim of strengthening and expanding LCD-material and other IT-related chemical businesses

Investments and Results Achieved in Major Projects

Project	Investment	Results (Increase in Sector Sales over 10 Years)
Strengthen fundamentals of petrochemicals business <ul style="list-style-type: none"> • Implementation of Rabigh Project 	Approx. ¥166.0 bn (equity investment and lending) Total project cost \$10.1 bn	Petrochemicals & Plastics Sector Approx. 1.7 times (¥375.5 bn → ¥649.9 bn)
Gain critical mass in pharma business to achieve strong growth <ul style="list-style-type: none"> • Launch of Dainippon Sumitomo Pharma • Acquisition of Sepracor in US 	Approx. ¥219.0 bn (increased shareholding and acquisition)	Pharmaceuticals Sector Approx. 2.3 times (¥156.7 bn → ¥365.9 bn)
Develop new core business <ul style="list-style-type: none"> • Establishment and expansion of IT-related Chemicals Sector 	Approx. ¥355.0 bn (cumulative capital expenditures in 10 years since inception)	IT-related Chemicals Sector Approx. 5.4 times (¥60.2 bn → ¥322.3 bn)

FY2010-2012 Corporate Business Plan and Priority Measures



Seven Priority Initiatives and Performance Targets



Performance Targets of the Corporate Business Plan

FY2012 Performance Targets (consolidated)

Sales	¥2.4 trillion
Operating Income	¥190 billion
Ordinary Income	¥220 billion
*Including equity in earnings of affiliates of ¥40 billion	
Net Income	¥140 billion

Assumptions

Ex. Rate:	¥ 90 /US\$
Naphtha:	¥ 50,000/kl
Crude Oil:	US\$85/bbl

Priority Measures

Pursue the seven priority initiatives in the Corporate Business Plan, with special emphasis on the following two measures:

Enhance financial strength

Enhance global management

Enhance Financial Strength

Enhance Performance

- ◆ Increase in net assets

Increase selectivity of investments

Improve asset turnover

- ◆ Shorten cash-conversion cycle
- ◆ Streamline property, plant, and equipment

Enhance Financial Strength

Secure greater strategic freedom to aggressively pursue growth opportunities

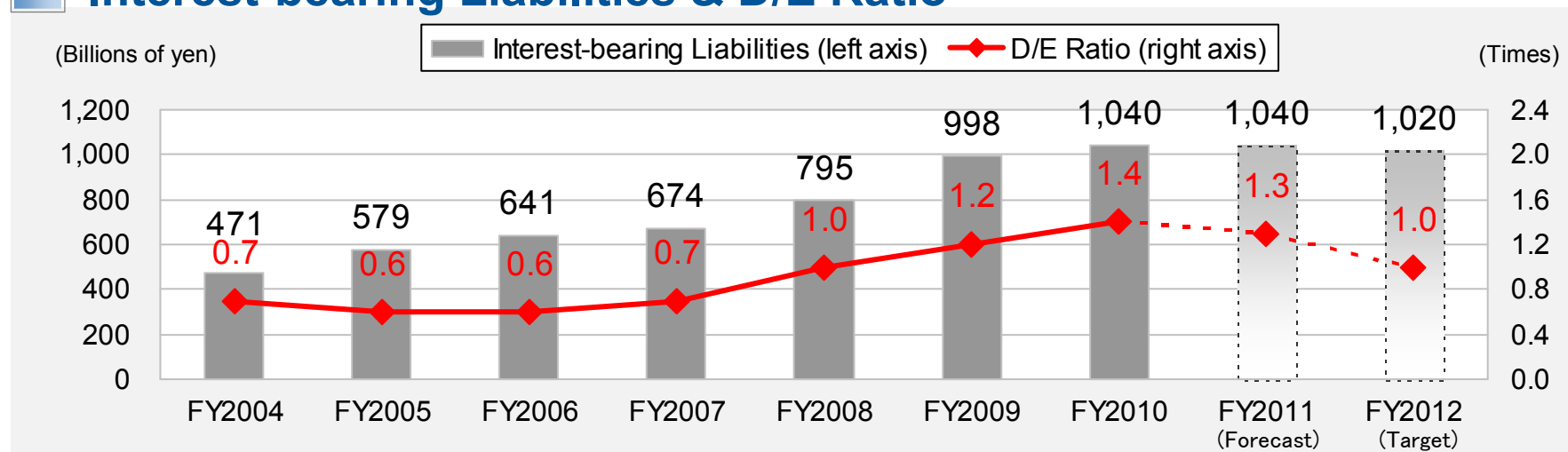
Enhance Financial Strength

Cash Flows

(Billions of yen)

	Corporate Business Plan FY2007 - FY2009	FY2010	FY2011 (Forecast)	...	Corporate Business Plan FY2010 - FY2012 (Target)
Cash flows from operating activities	367.9	176.2	175.0	...	510.0
Cash flows from investing activities	-658.3	156.0	150.0	...	510.0
Free cash flows	-290.4	20.2	25.0	...	0

Interest-bearing Liabilities & D/E Ratio



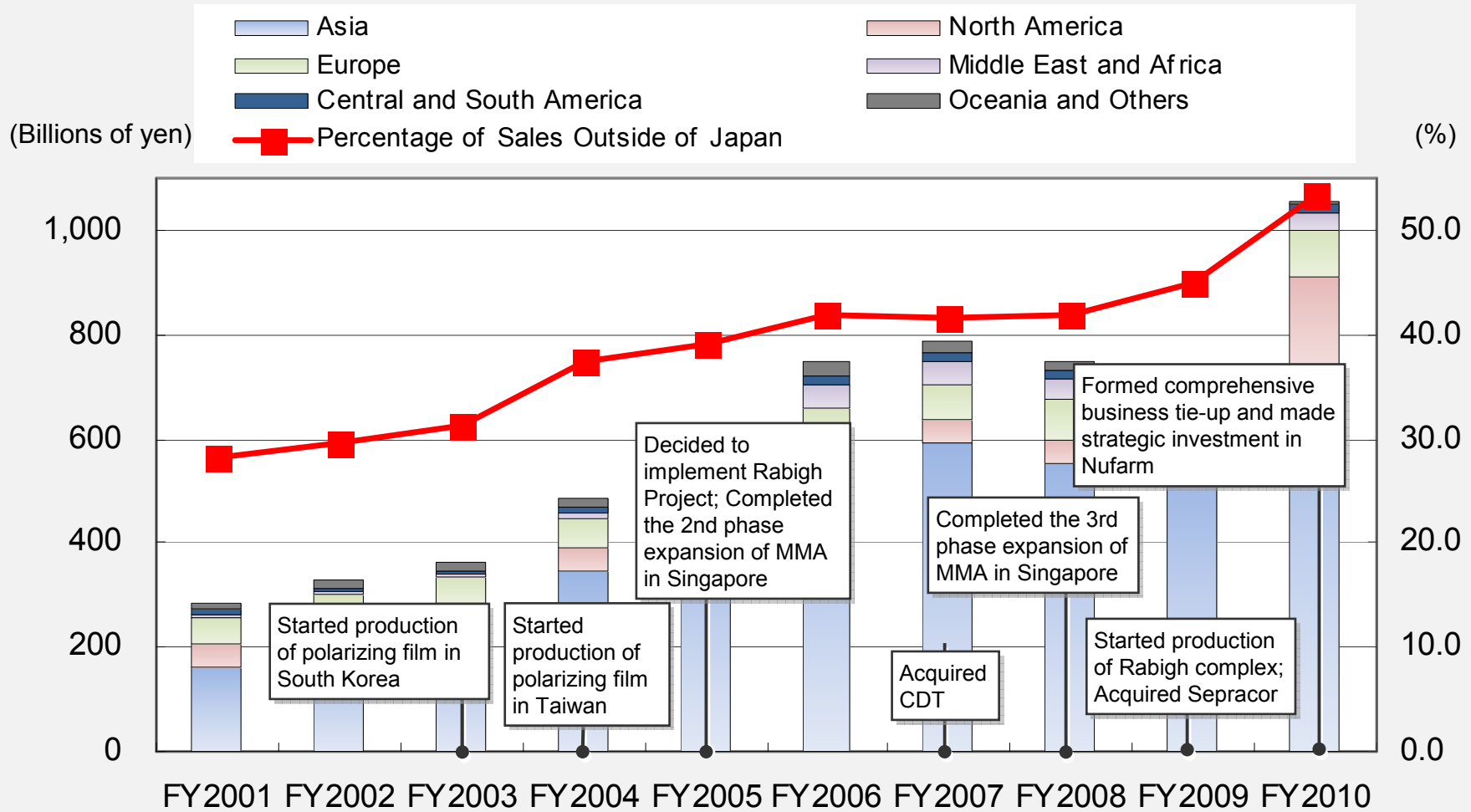
What is “true globalization”?

- ◆ Cross the boundaries of nations and nationalities and achieve the optimum combination of the cost, the technology and the business environment for its own business

Globally Integrated Management

Enhance Global Management: Major Projects and Performance

Overseas Operations by Geography



Global Expansion in Each Business Sector

- ◆ Basic Chemicals and Petrochemicals & Plastics:
 - Produce where cost-competitive feedstocks are available
- ◆ IT-related Chemicals:
 - Build a customer-focused supply chain to better serve global customers
- ◆ Health & Crop Sciences:
 - Strengthen competitive advantage in R&D capabilities and the ability to roll out new technologies globally
- ◆ Pharmaceuticals:
 - Develop and globally roll out new products

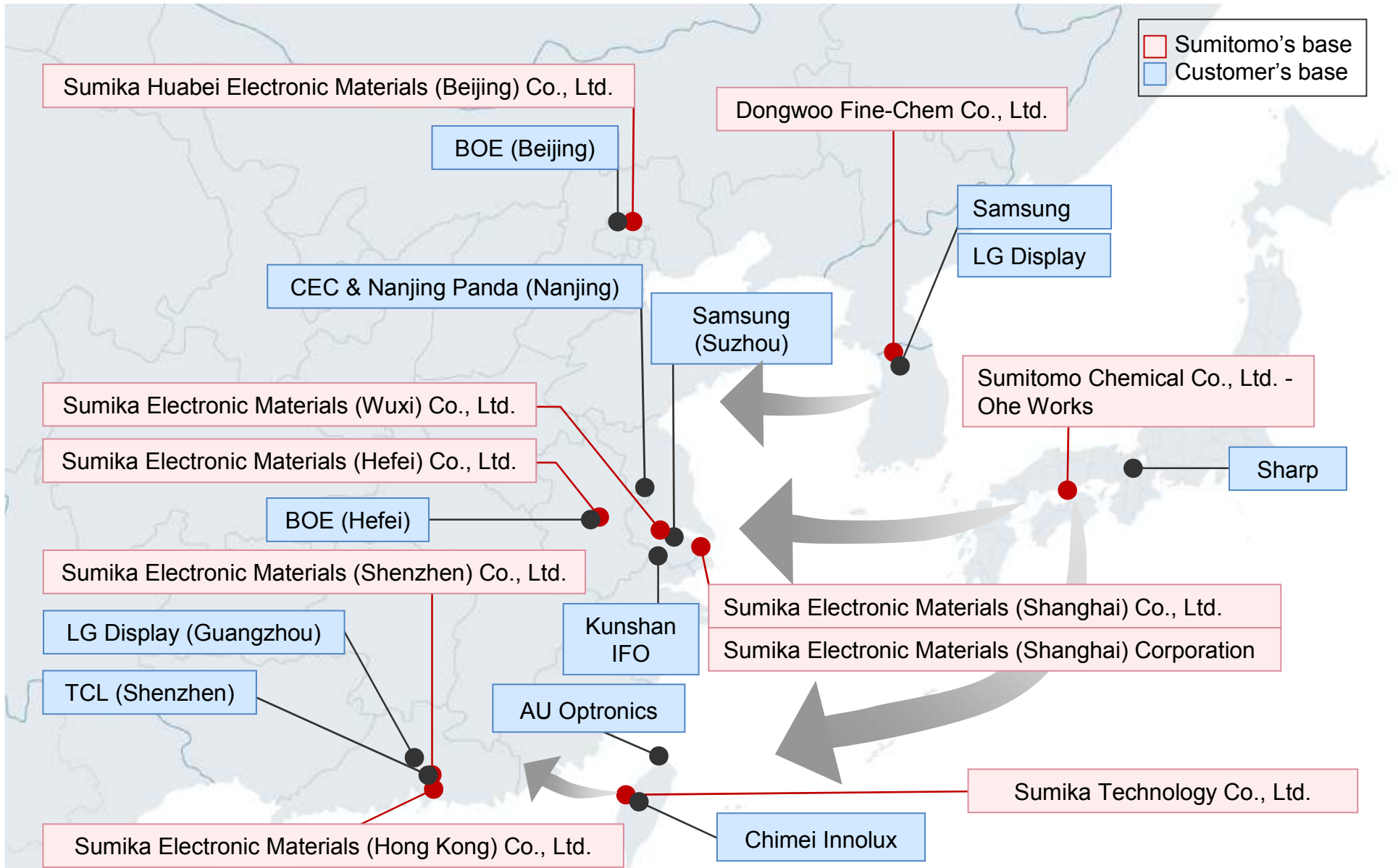
Shared global market information

Shared regional strategies

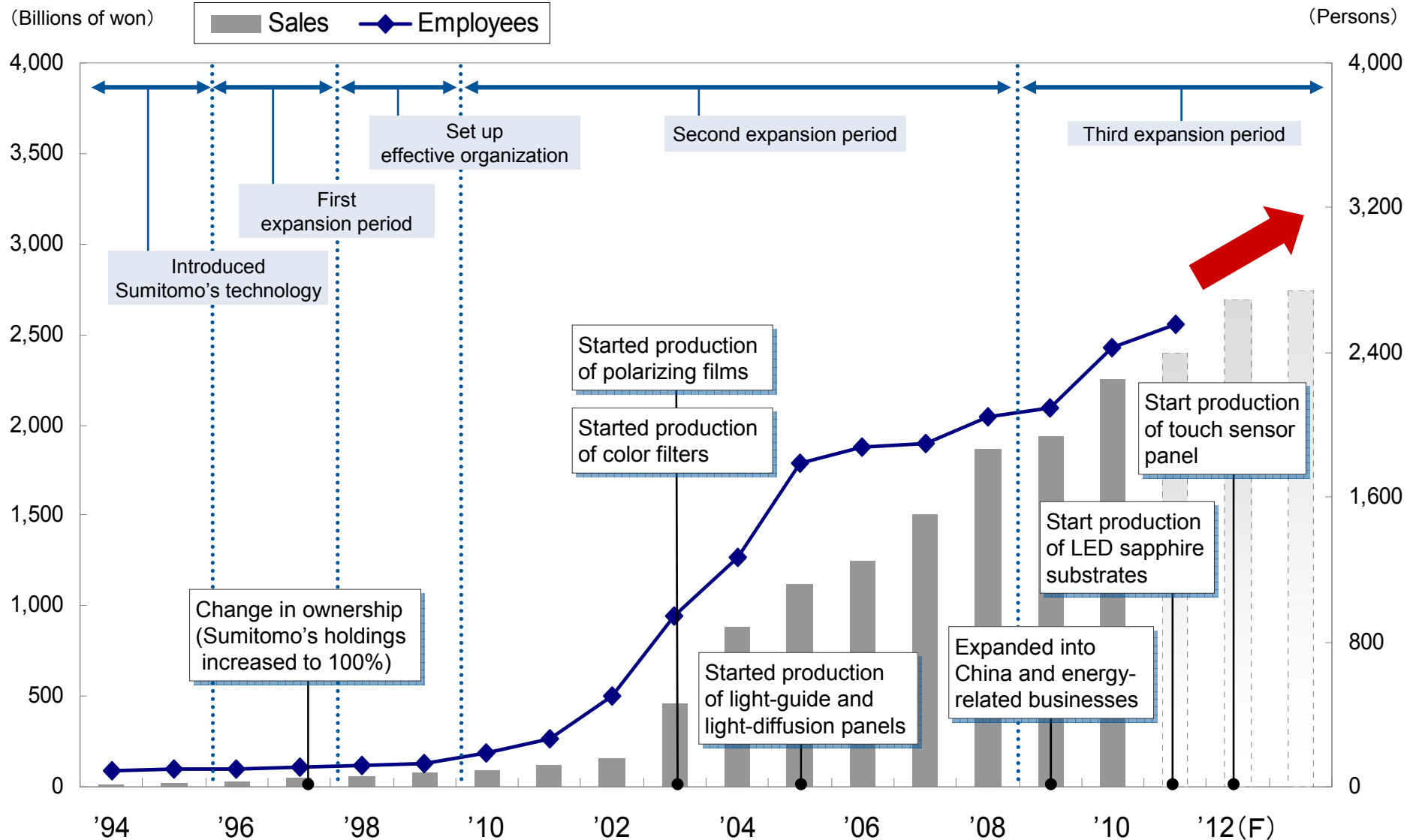
Coordinated management of production facilities and human resources

Shared brand value

Expanding Business as a Total Provider of LCD Materials



Expand Dongwoo Fine-Chem's Business



Enhance Global Management: Bulk Chemicals

- Global expansion: Produce where cost-competitive feedstocks are available

Recent Achievements	Next Steps
<ul style="list-style-type: none">• Made Petro Rabigh profitable (fiscal 2010)• Decided to expand production facilities for MMA polymer in Singapore from 100 to 150 thousand tons/yr—the new capacity scheduled to come on stream in Q3 2012• Decided to build in Singapore a plant for S-SBR, a synthetic rubber used in fuel-efficient tires—the new capacity of 40 thousand tons/yr scheduled to come on stream in Q4 2013	<ul style="list-style-type: none">• Improve profitability of Petro Rabigh• Complete the feasibility study of Rabigh Phase II Project• Enhance global marketing for EVA (ethylene-vinyl acetate), PP (polypropylene) compounds• Launch sales of DPF (diesel particulate filter)—a filter to remove particulate matters from the exhaust gas from a diesel engine—in Europe

Enhance Global Management: ICT

- Global expansion: Build a customer-focused supply chain to better serve global customers

Recent Achievements	Next Steps
<ul style="list-style-type: none"> • Built supply chain in China (Shanghai, Wuxi, Hong Kong, Hefei, Beijing, Shenzhen) • Decided to build new production facilities for polarizing film in Taiwan—the new capacity of 21 million m² /yr scheduled to come online in July 2011 • Decided to strengthen and expand new businesses <ul style="list-style-type: none"> - Decided to enter LED substrate business (Korea) - Decided to enter business of touch sensor panels for smart-phones and tablet PCs (Korea) 	<ul style="list-style-type: none"> • Enhance strategic marketing efforts in China • Consider further expansion of polarizing film production capacity targeting the Chinese market • Further improve key technologies in Korea and Taiwan

Enhance Global Management: Life Sciences

- Global expansion: Strengthen competitive advantage in R&D capabilities and the ability to roll out new technologies globally

Recent Achievements	Next Steps
<ul style="list-style-type: none">• Formed business alliances with Nufarm and Monsanto in crop protection chemicals while enhancing position in Italy and India• Decided to build a new plant for feed additives in Dalian, China, with 20 thousand tons/yr capacity scheduled to come online in Q4 2011• Established annual production capacity of 60 million nets for OLYSET Net, a long-lasting insecticidal mosquito net for control of malaria• Entered into the US pharmaceutical market through acquisition of Sepracor• Launched Latuda in US and partnered with Takeda Pharmaceutical for the commercialization of Latuda in Europe	<ul style="list-style-type: none">• Enhance business alliances with Nufarm and Monsanto• Strengthen global sales channels for crop protection chemicals, with operational bases in five major regions, including Latin America• Develop new products for controlling infectious tropical diseases• Maximize sales of Latuda (Seek approval of new indications and expand into other countries)

Enhance Global Management: Management Support

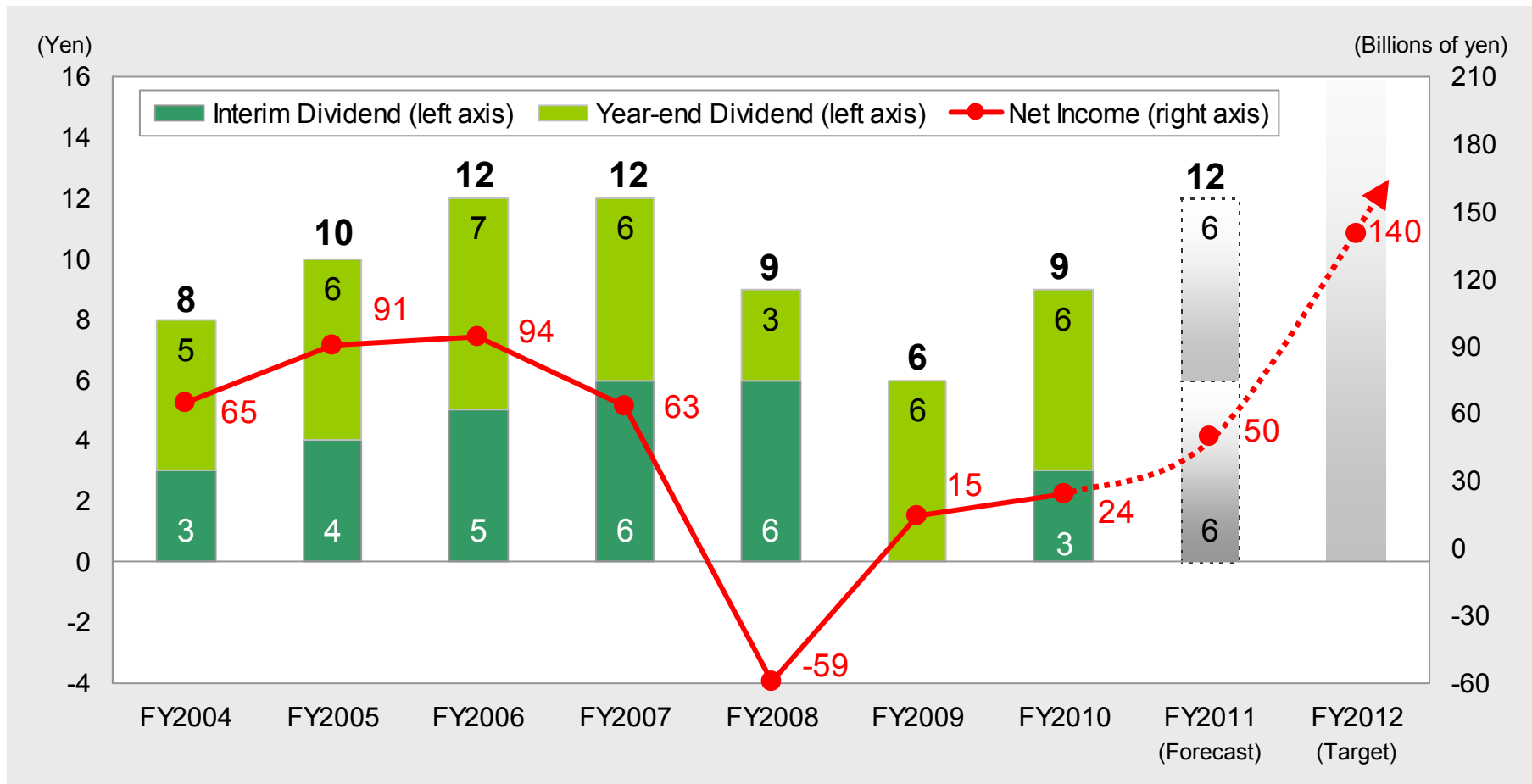
	Achievements through FY2010	Next Steps
Management Infrastructure	Established Group-wide operation standards - Human resources, procurement, logistics, accounting, IT systems	Integrate administrative systems • Information management on integrated platform
Frontline Support	Established corporate support branches (US, Belgium, Singapore, Shanghai) - Provided guidance and support for local subsidiaries	Provide shared services • Human resources, accounting, IT systems, etc.
Human Resources	Identified the Group's core managerial talent and established the system for managing the human resources	Explore and develop the next generation of the Group's core managerial talent ⇒ Match the right talent to the right job Group-wide
Communications	Organized and convened meetings and conferences	
China Business Support	Established China Strategy Group	Establish a regional headquarters company in China that manages and supports subsidiaries in China

Dividend Policy



Dividend Policy

We consider shareholder return as one of our priority management issues and have made it a policy to maintain stable dividend payment, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors.





Creative Hybrid Chemistry





Forward-Looking Statements

Statements made in this material with respect to Sumitomo Chemical's plans, projections, strategies, beliefs, and future performance that are not historical facts are forward-looking statements that are based on information available at the time of the preparation of this material and include risks and uncertainties. Factors that could materially affect actual results of Sumitomo Chemical's future performance include, but are not limited to, economic conditions in the areas of Sumitomo Chemical's business, demand for Sumitomo Chemical's products in markets, downward price pressure on Sumitomo Chemical's products resulting from intensifying competition, Sumitomo Chemical's ability to continue to provide products that are accepted by customers in highly-competitive markets, and movements of currency exchange rates.