

Agricultural Chemicals Sector's Business Strategy



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November, 2010

Overview of Agricultural Chemicals Sector's Business

- **Crop Protection Business**

- Chemical and Biorational products
- Fertilizers

- **Environmental Health Business**

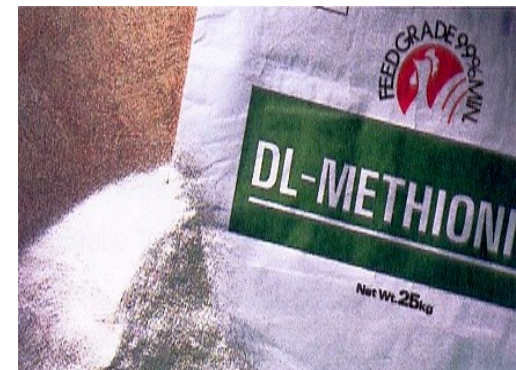
- Household insecticides • PCO
(Pest Control Operation)
- Moth proofer, termite control agents
- Animal Health Products

- **Vector Control Business**

- OLYSET Net

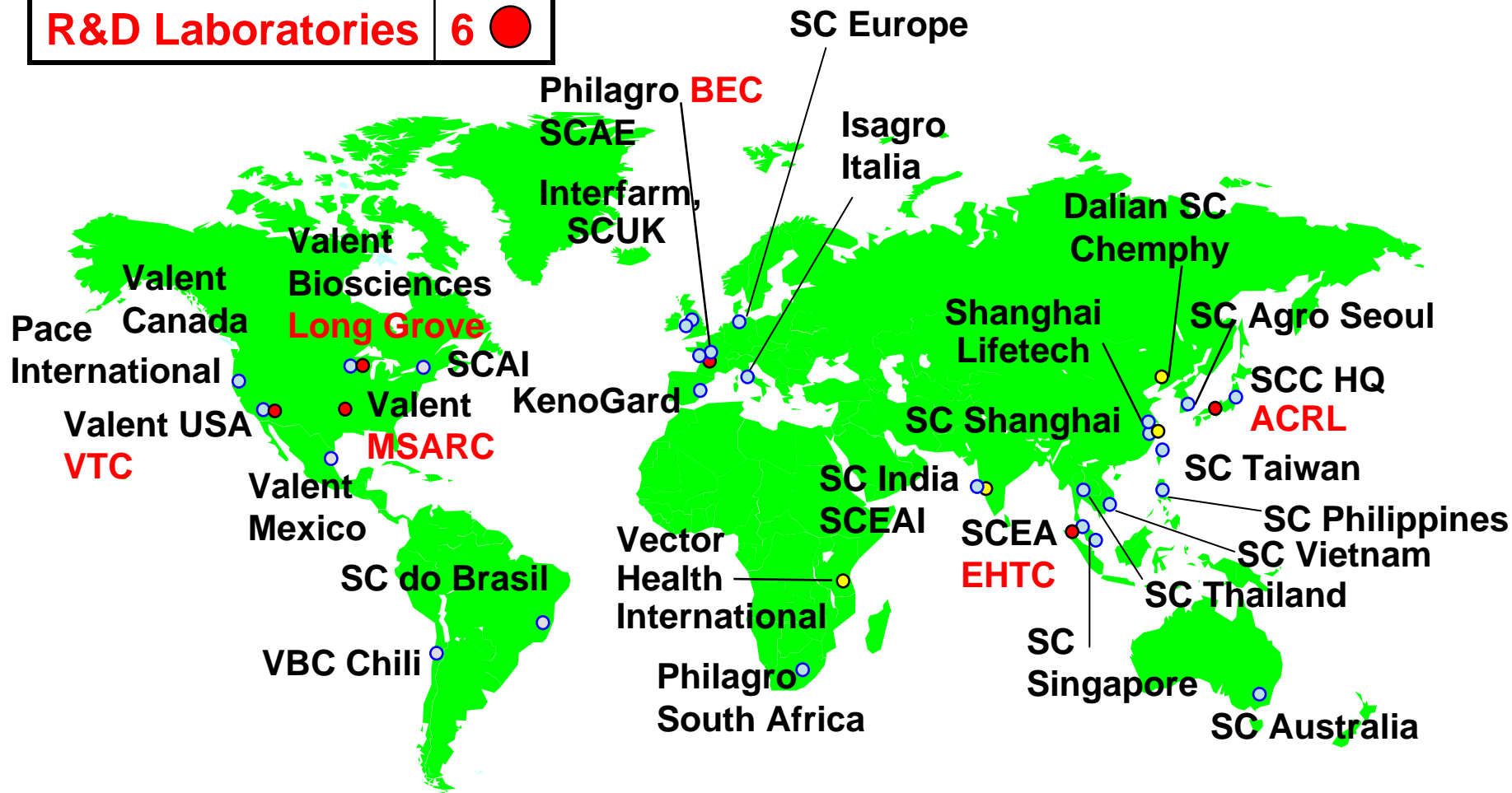
- **Feed Additives Business**

- Methionine
(essential amino acid feed additives)

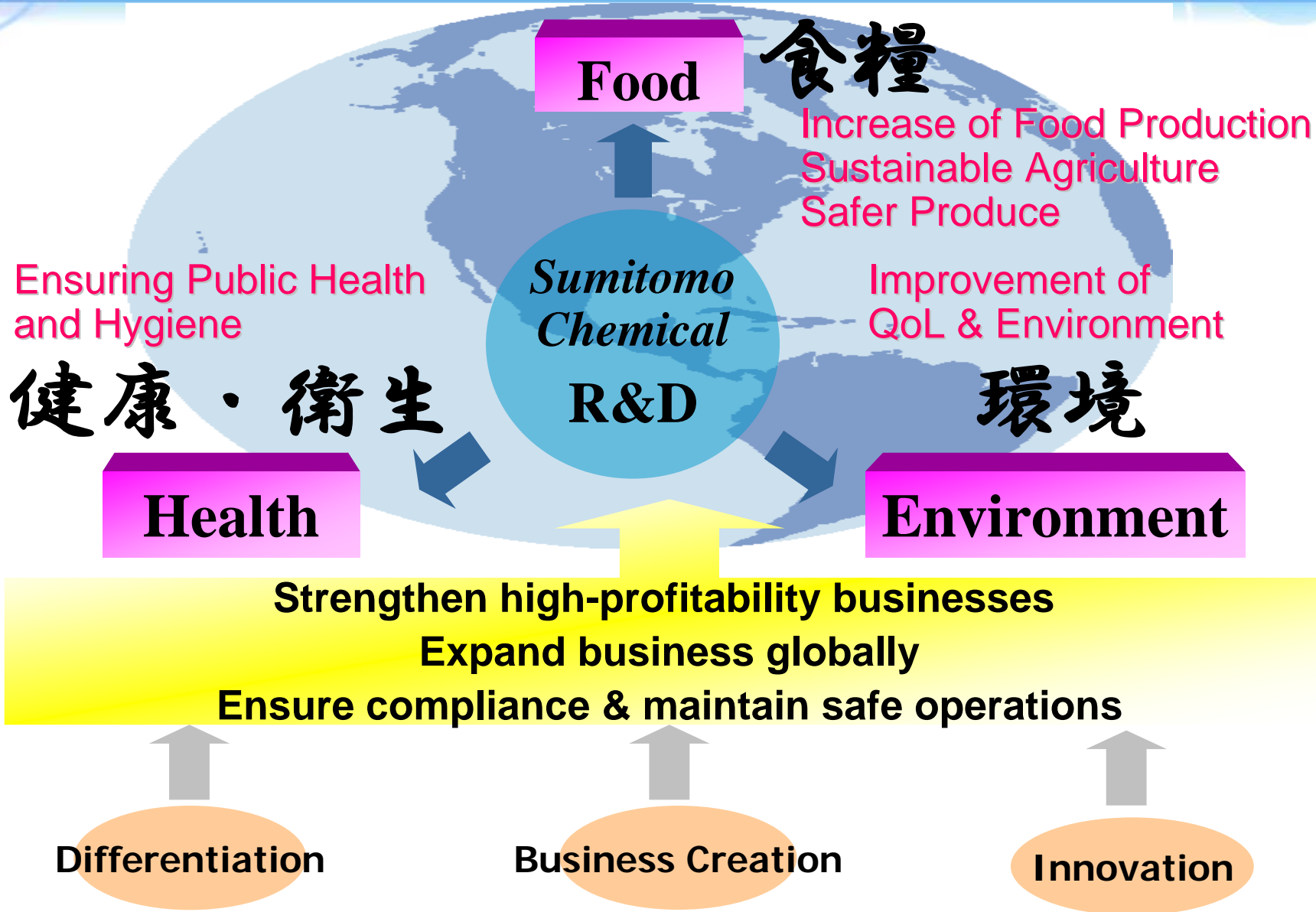


Business Locations

Sales Subsidiaries	27 ●
Works	4 ●
R&D Laboratories	6 ●



Long-Term Vision

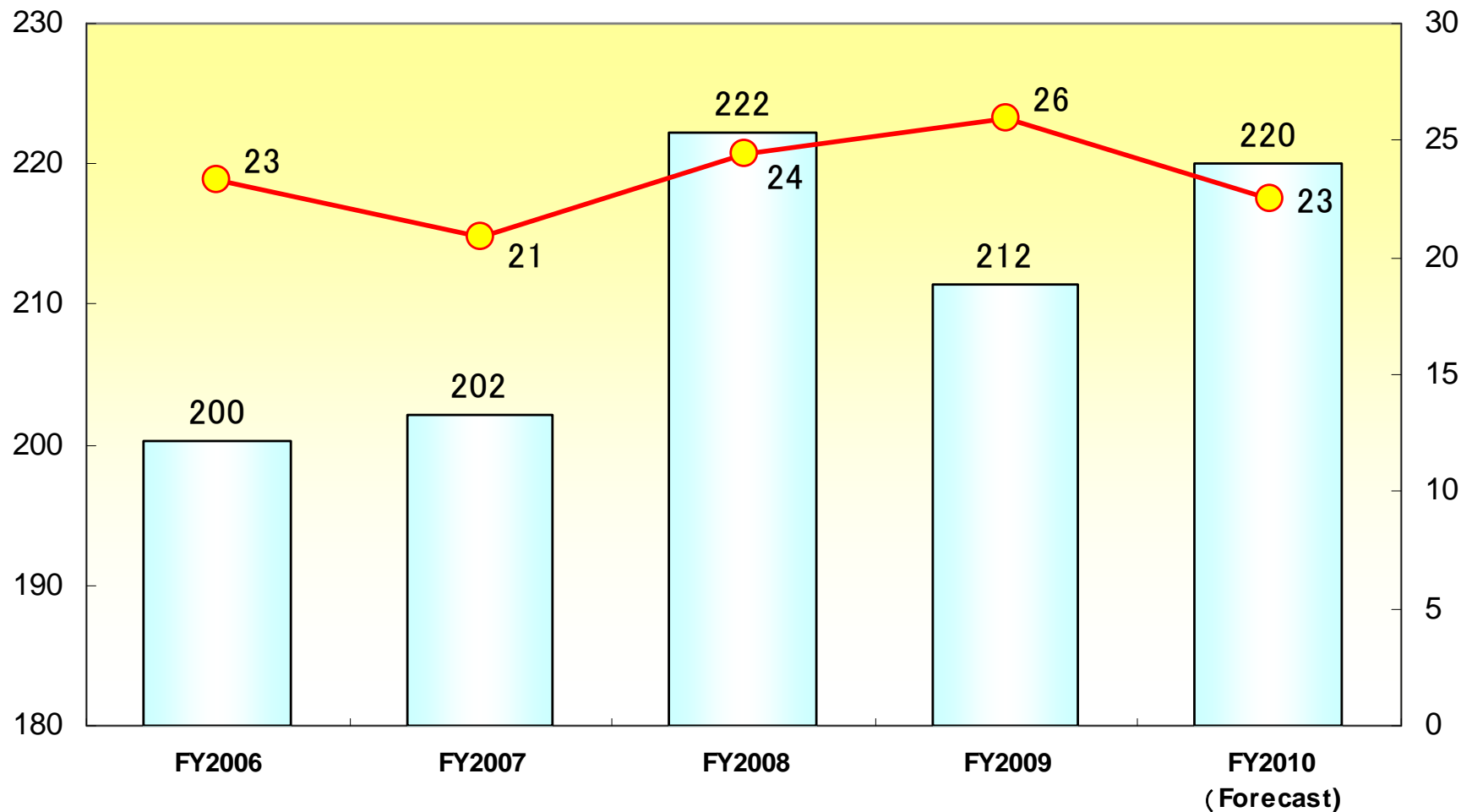


Sales and Operating Income (Consolidated)

(Billions of yen)

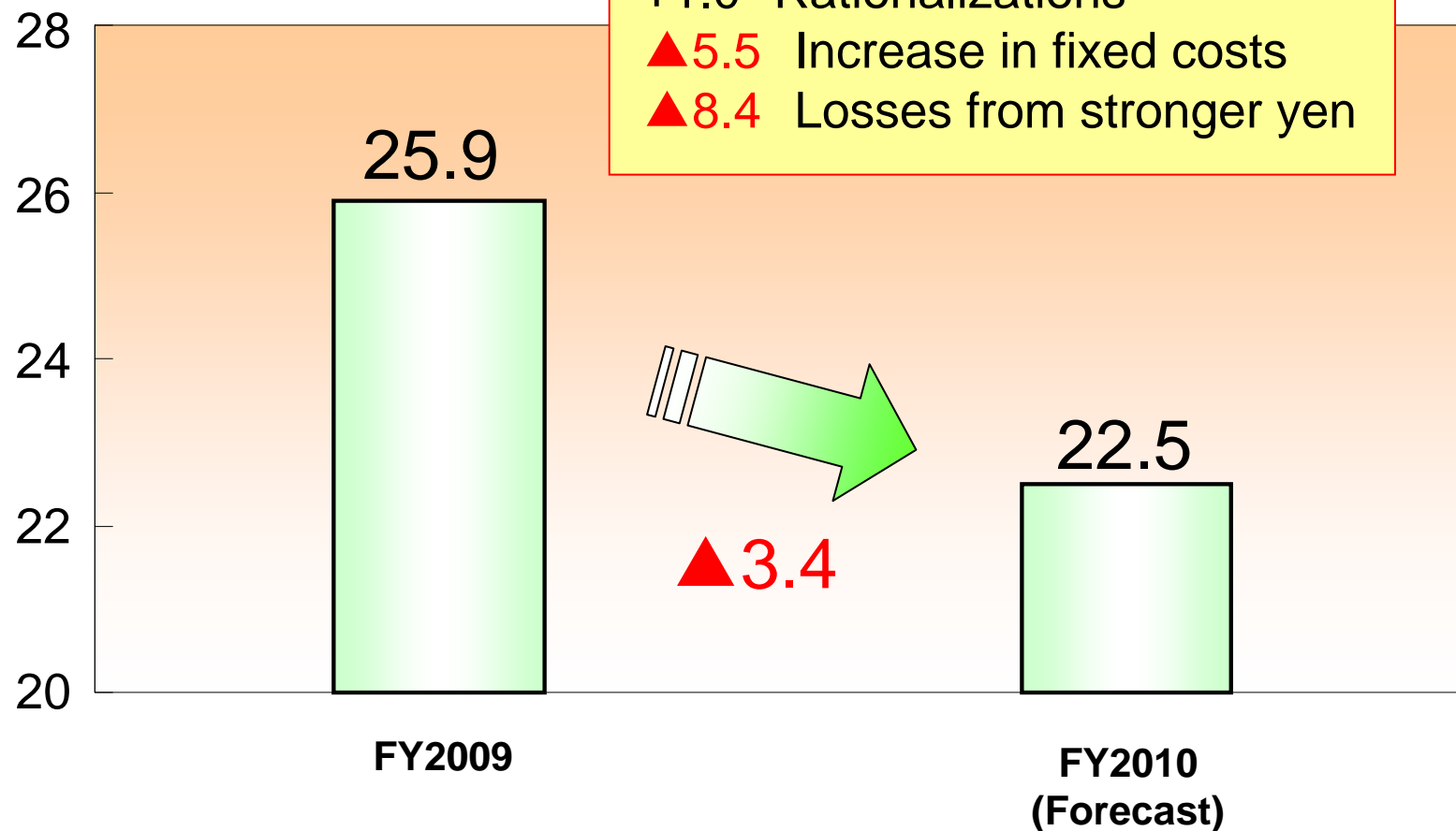
Sales

Operating Income

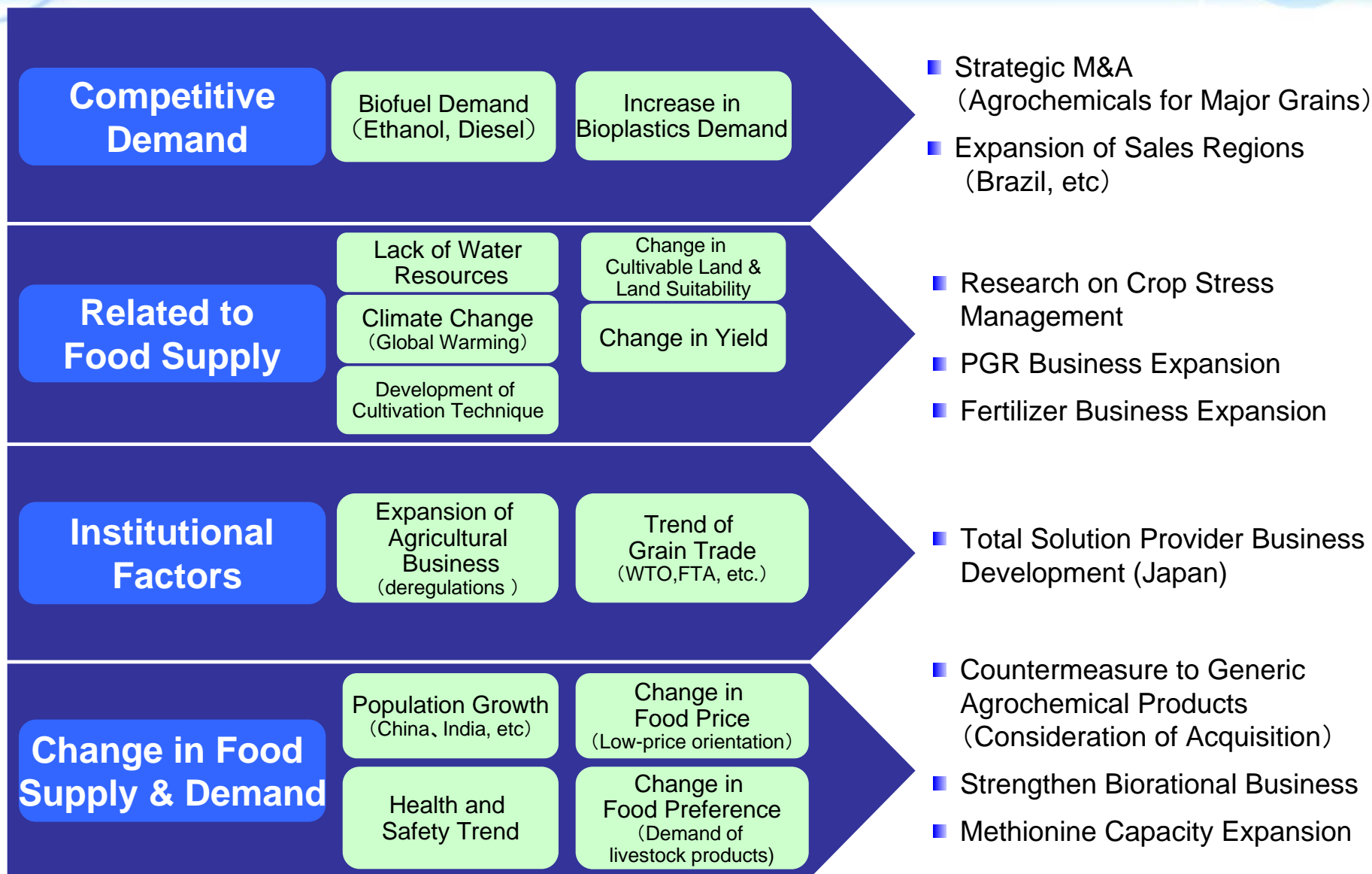


Change in Operating Income FY2009/FY2010

(Billions of yen)



Major Factors for Change in Agricultural Demand and Countermeasures



Basic Policy

Aggressively pursue strategic investments to expand business globally, strengthen high-profitability businesses, and contribute to enhancing food security and improving public health and hygiene and the environment

Priority Initiatives:

- Develop differentiated businesses
- Develop new businesses in downstream and related areas
- Build new business models
- Strengthen and expand sales channels
- Pursue innovation in R&D and all aspects of business activities

Differentiation: Capitalizing on the strengths

Focusing on specialty products,
markets and fields based on SCC's strengths

Sumitomo Chemical group's strengths

R&D capability

Having both crop protection and
environmental health businesses

Synergy between chemical and
biological products

Methionine business

Crop Protection Division–Domestic: *Strategy* (TSP Business)

Total Solution Provider Business

Agrochemicals

Fertilizers

Seeds and Seedlings
/Materials



**Agricultural Management Support
System**

Soil diagnostics, Fertilization/cultivation
teaching, Agricultural products sales

**IPM package
Irrigation, greenhouse materials
(providing cultivation systems)
cost management**

**Rice paddy,
Field, Fruit garden**

Functional Enhancement

**Development & Marketing,
Product promotion**

Planning, Promotion

Sales

Promotion

Fertilizer sales

Agricultural Material Sales,
Promotion

Nihon Ecoagro

Agricultural product Sales,
Cultivation support

Sumika Agrotech

Agricultural Material Sales

**Sumika Chemical
Analysis Service**

Residue analysis

Oita General Service

STS (Misawa)

SanTerra

Agricultural film

Regional hubs (Business office)

- Consolidate into 6 hubs
- Implement projects to vitalize regional agriculture

Advantages and Aims of Total Solution Provider Business

Promoting Total Solution Provider Business

Increase “Sumitomo supporters among farmers”

Expand Nihon Ecoagro’s produce sales business

Strengthen relationships with wholesalers through crop intermediary business

Invest in farming corporations

Improve corporate brand through project to invigorate agriculture

Expand share of domestic agrochemicals

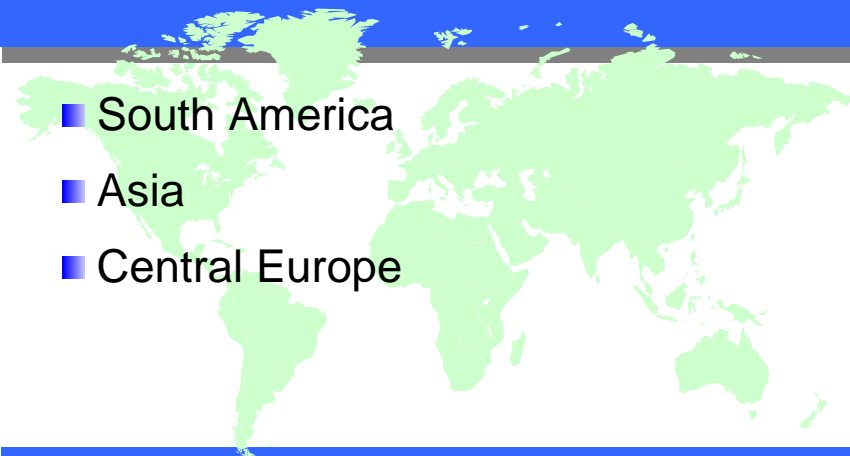
Strategic Business Alliance and M&A

- Acquire Strategic Products and Businesses
- Strategic Business Alliance
 - Investment in Nufarm
 - Collaboration with Monsanto



Expand Sales Area

- South America
- Asia
- Central Europe



Develop New Business

- Seed Treatment Business
- Expand Flumioxazin application in the USA



Synergy with Biorational Business



- Crop Stress Management
- Post-harvest

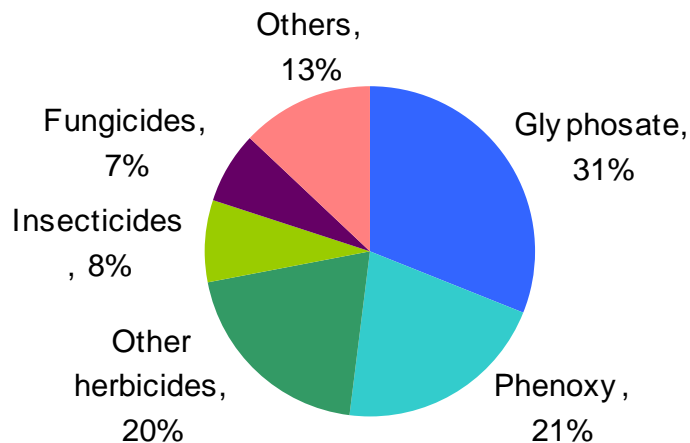


Profile of Nufarm Limited

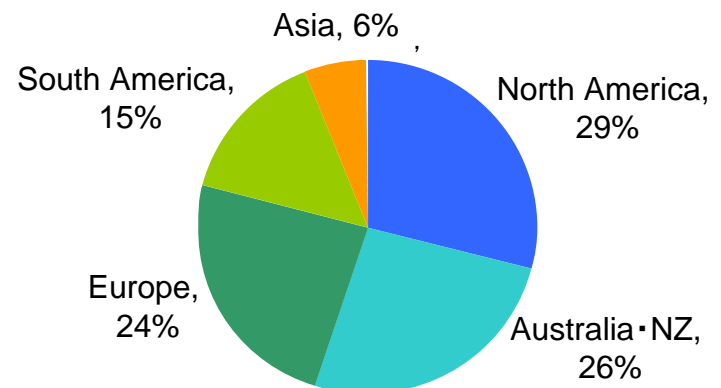
Profile

- Established: 1957
- Sales: AUD 2,169 Million (FY2010 ended July 31, 2010)
- Number of employees: 3,155 (as of July 31, 2009)
- Head of Office: Melbourne, Australia
- CEO: Doug Rathbone
- Globally #8 among agrochemical companies

Sales by Key Products



Sales by Geography



Business Alliance with Nufarm

Area	Overview
Distribution	Distribution of Sumitomo's products through Nufarm's sales channels Distribution of Nufarm's products thorough Sumitomo's sales channels
R&D	Blend formulations (Sumitomo's products + Nufarm's products) New formulation development Seeds and Seed treatment Registration Early stage evaluation of compounds in pipeline
Logistics	Shared warehousing and utilization of distribution network & channels
Sourcing/Manufacturing	Toll formulations Procurement of low-cost raw materials

1. Distribution of Sumitomo's products through Nufarm's sales channels

- Brazil, Indonesia: Launched in Sept. 2010
- France, U.K.: preparing to launch this Autumn
- C/E Europe, U.S., Canada, etc.: Sales agreement under negotiation

2. Distribution of Nufarm's products through Sumitomo's sales channels

- France: Entered into sales agreement, preparing to launch this Autumn
- Mexico: Sales agreement under negotiation
- Vietnam: Began deliberations on a sales agreement

3. R&D

Entered into agreement pertaining to the items below, launched specific initiatives

- Using both companies' formulation technologies to develop products
- Evaluating SC's new chemicals and candidate compounds at
- Nufarm's facilities
- Developing and reviewing new herbicides as a measure to fight herbicide-resistant weeds

Collaboration with Monsanto

**Sumitomo
Chemical
(Valent U.S.A.)**

**Collaborate to take
advantage of both
companies' strengths**

Monsanto

**Selective herbicides
for soybeans**

October, 2010

**Seeds, non-selective
herbicides**

Overview

- ◆ Proactive promotion of weed management program for glyphosate resistant weeds using Sumitomo's herbicides & Monsanto's seeds and herbicides in U.S. (soy, cotton, sugar beet)
- ◆ Long-term agreement announced on Oct. 2010
- ◆ Planning to expand collaboration to South America (Brazil, Argentina)

Effects

- ◆ Sales expansion in the area of soybeans, in particular herbicides
- ◆ Expansion of crop protection business in the Americas

Environmental Health Division: Strategy

Priority Initiatives

Develop new business in downstream and related areas

Clearly Differentiate

Use new products to create clear competitive advantages in new markets

Based on our core IC (Insect Control) technology, Provide value innovations to customers by sticking to the basics

Understand, analyze thoroughly

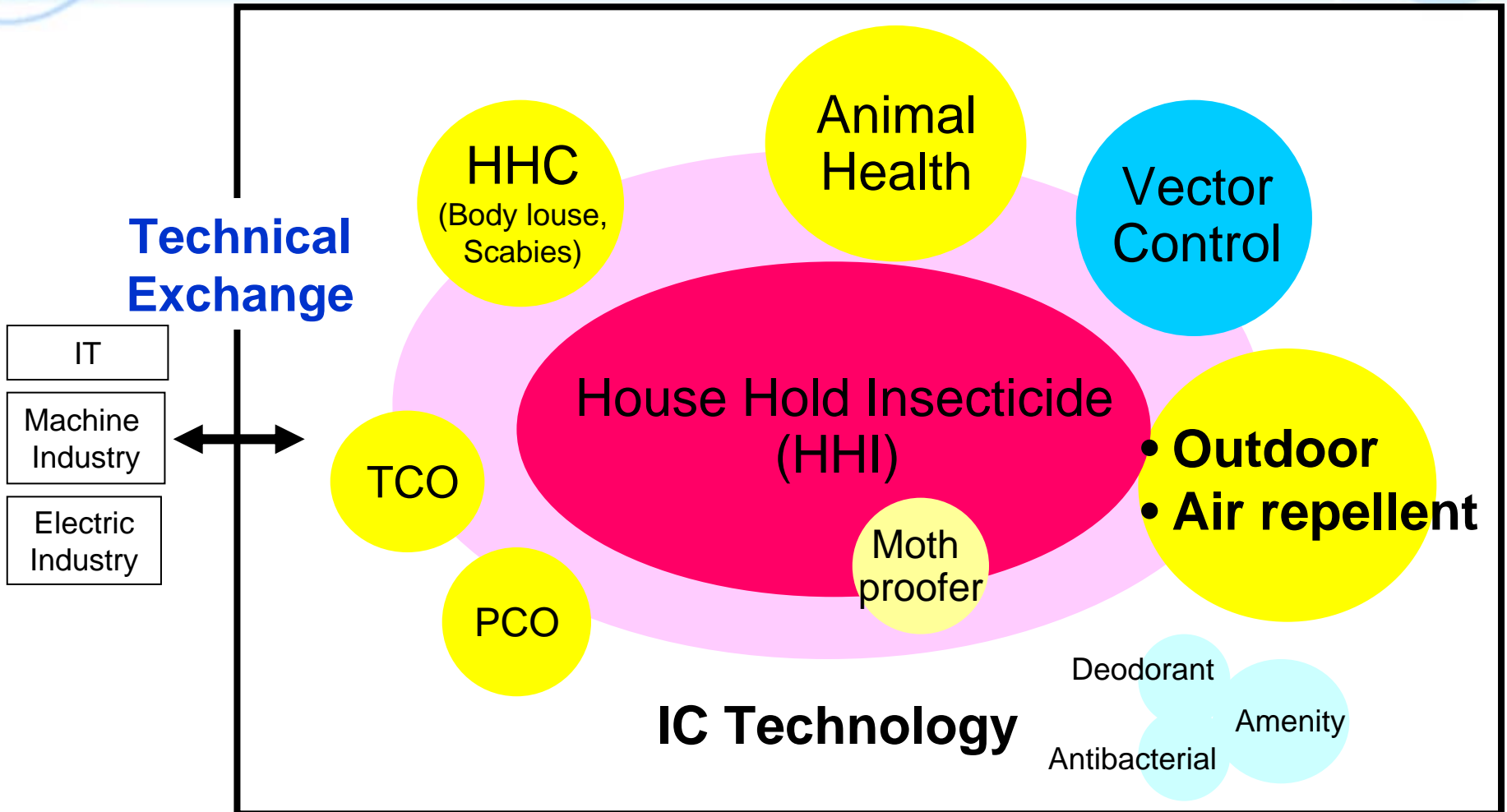
- Market
- Customer, consumer
- Product position

Conversation with customers

- Customer feedback
- Customer needs
- Future market trends

Provide value Innovations

Develop new products together with customers

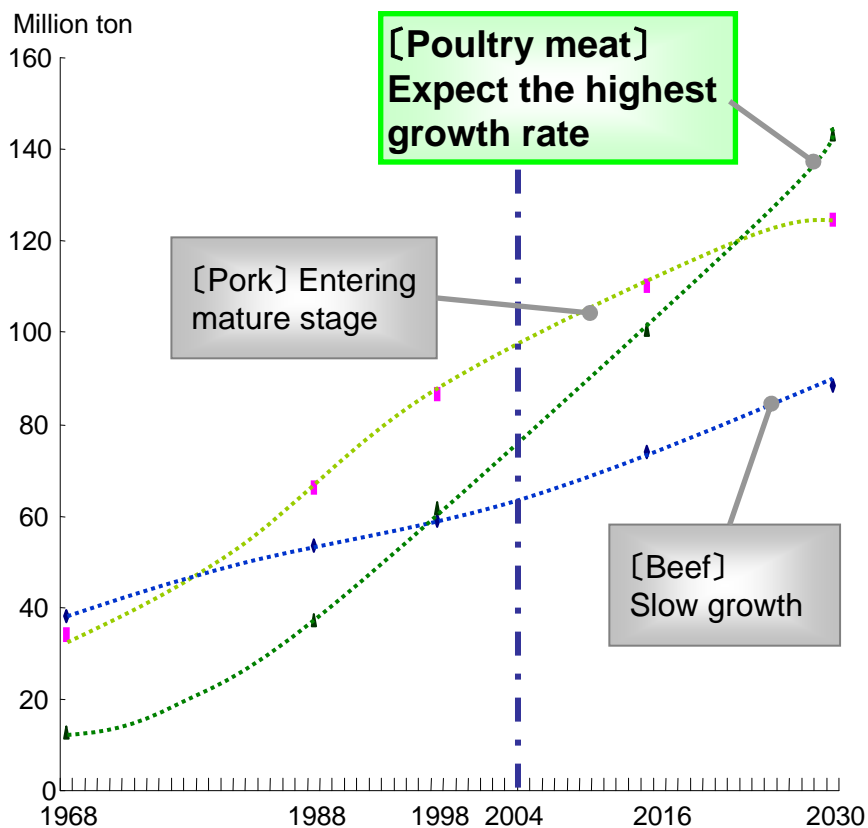


Based on our core IC (Insect Control) technology, keep & expand HHI business and develop new business in downstream and related areas

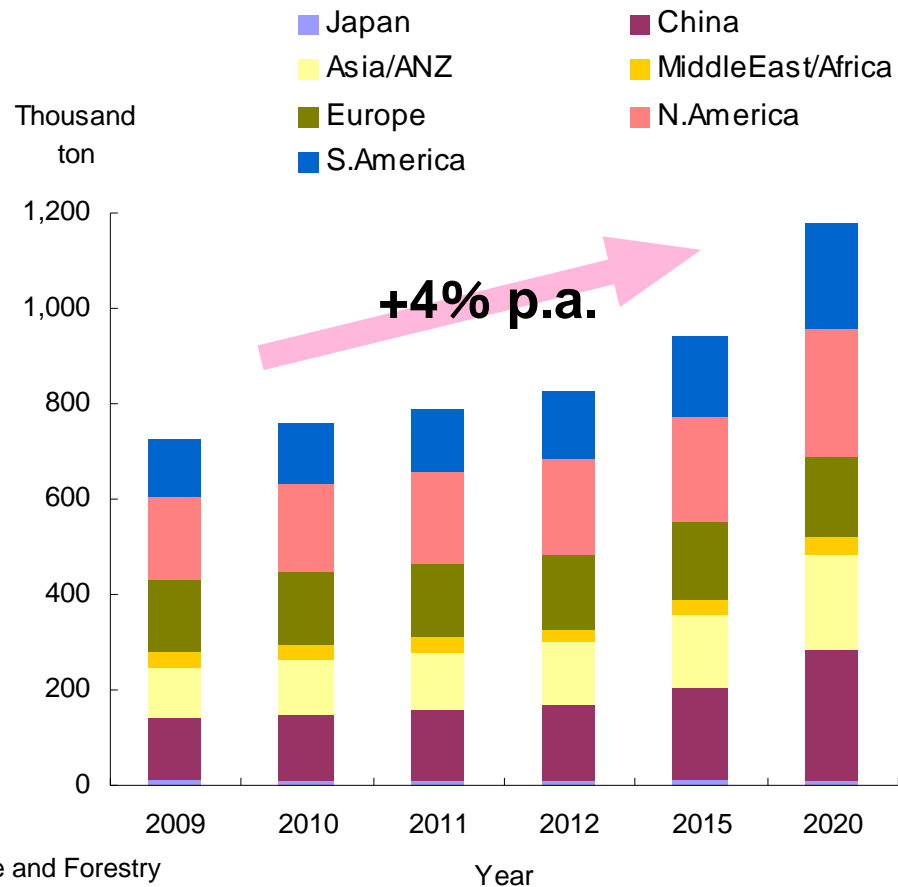
Animal Nutrition Division: Methionine Demand Forecast

- Aiming to establish the #1 position in Asia and become a global leader
- Expand scale of business ⇒ Studying for further capacity expansions

Market Forecast by Meat Category *1

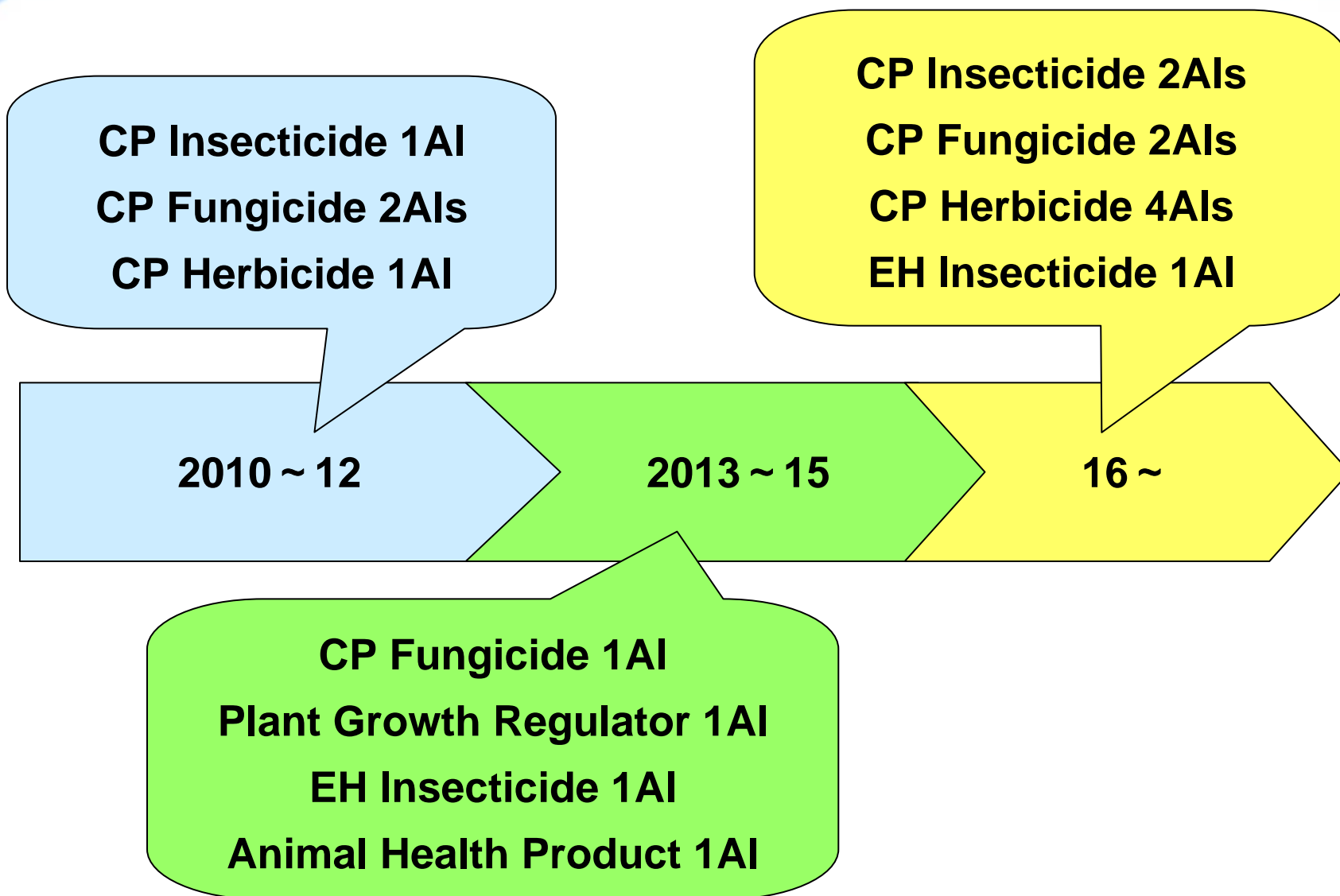


Methionine World Demand Forecast

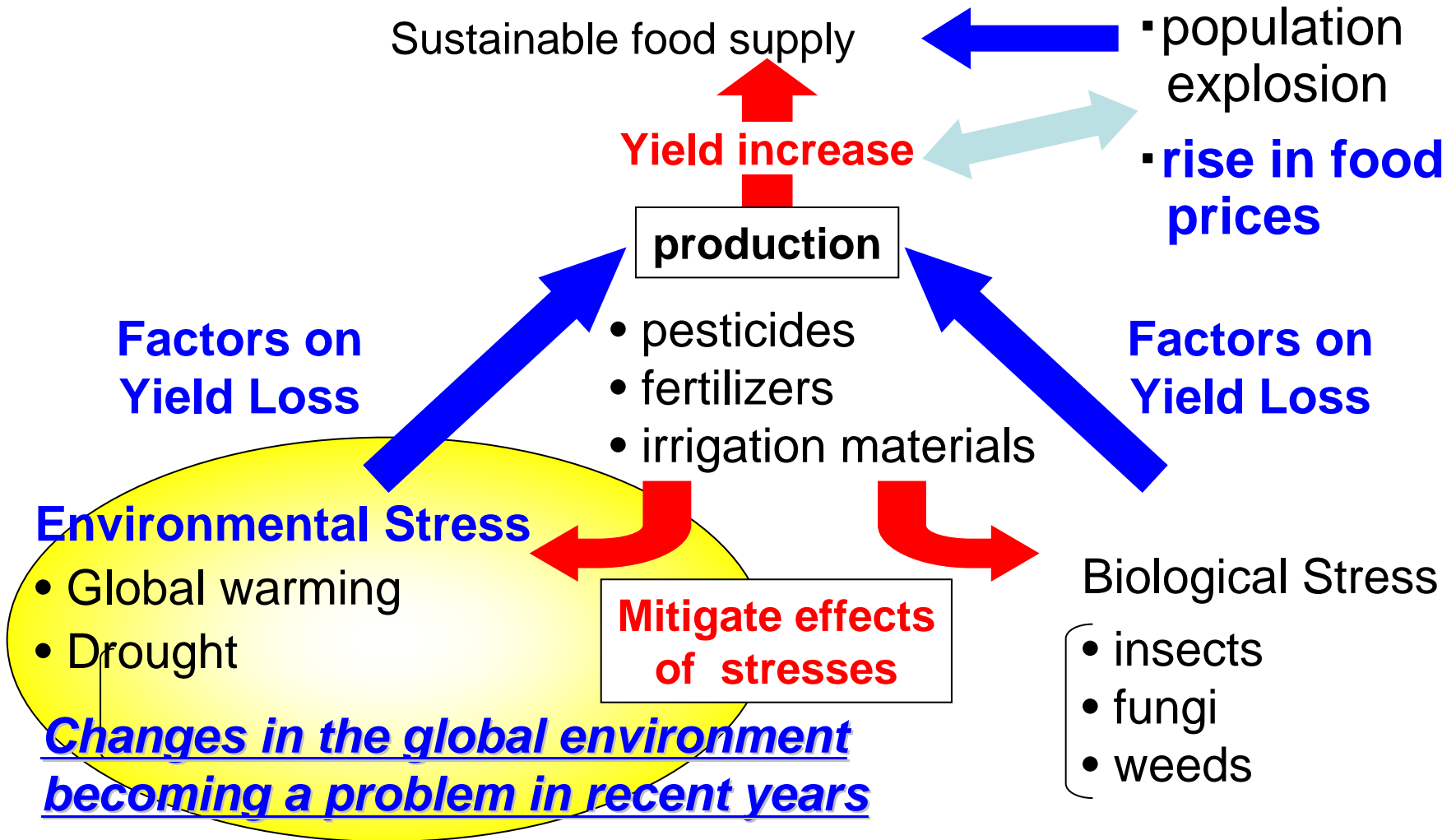


*1 Source: FAO, Japan Association for International Collaboration of Agriculture and Forestry

Innovation: Strengthening of Product Line

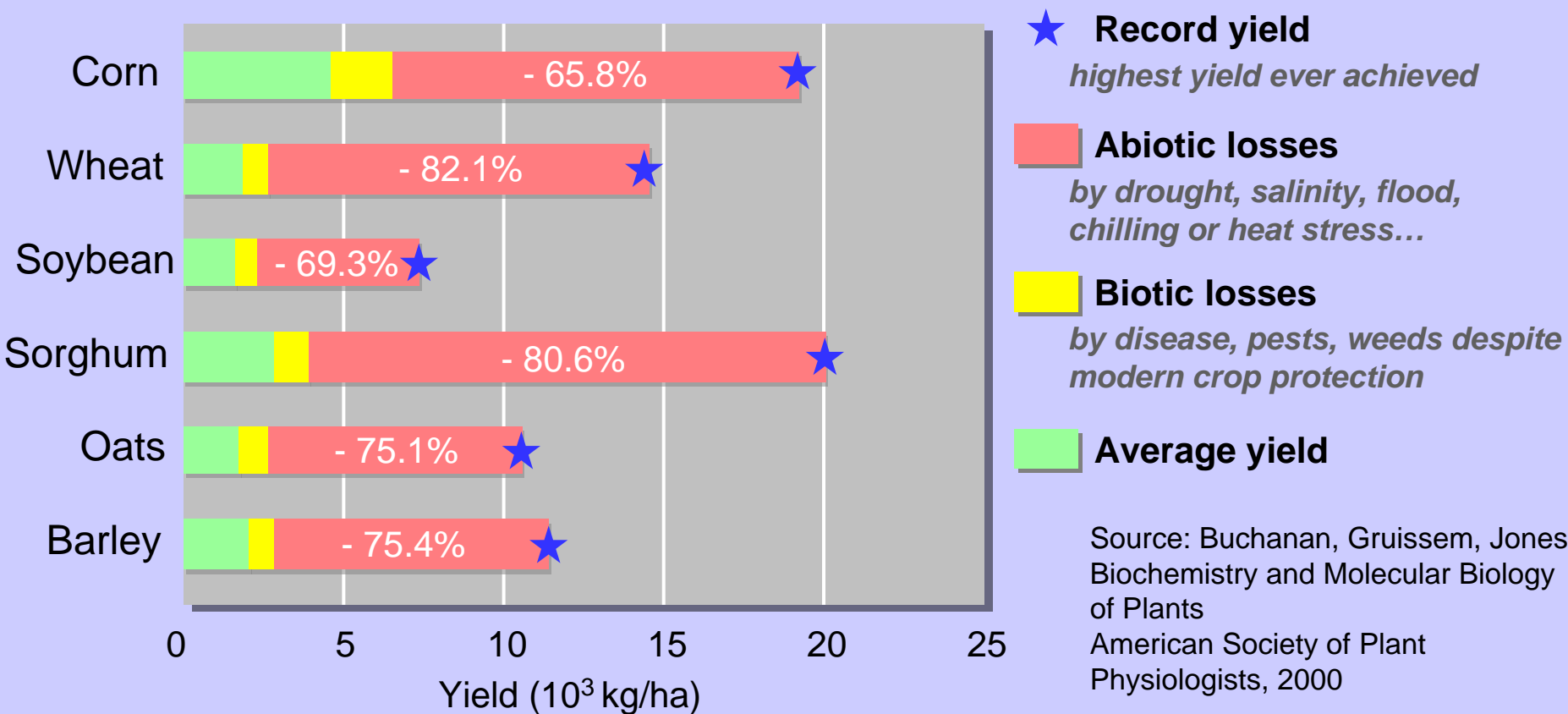


Contributing to enhanced food security



Crop Yield Loss from Abiotic Stress

- With global warming, declines in crop yields from environmental stress (abiotic stresses such as high temperatures, aridity and low temperatures) are becoming apparent.
- Modern agriculture must confront crop yield loss not only from biotic stresses (insects, diseases, weeds, etc.), but also from environmental stress.

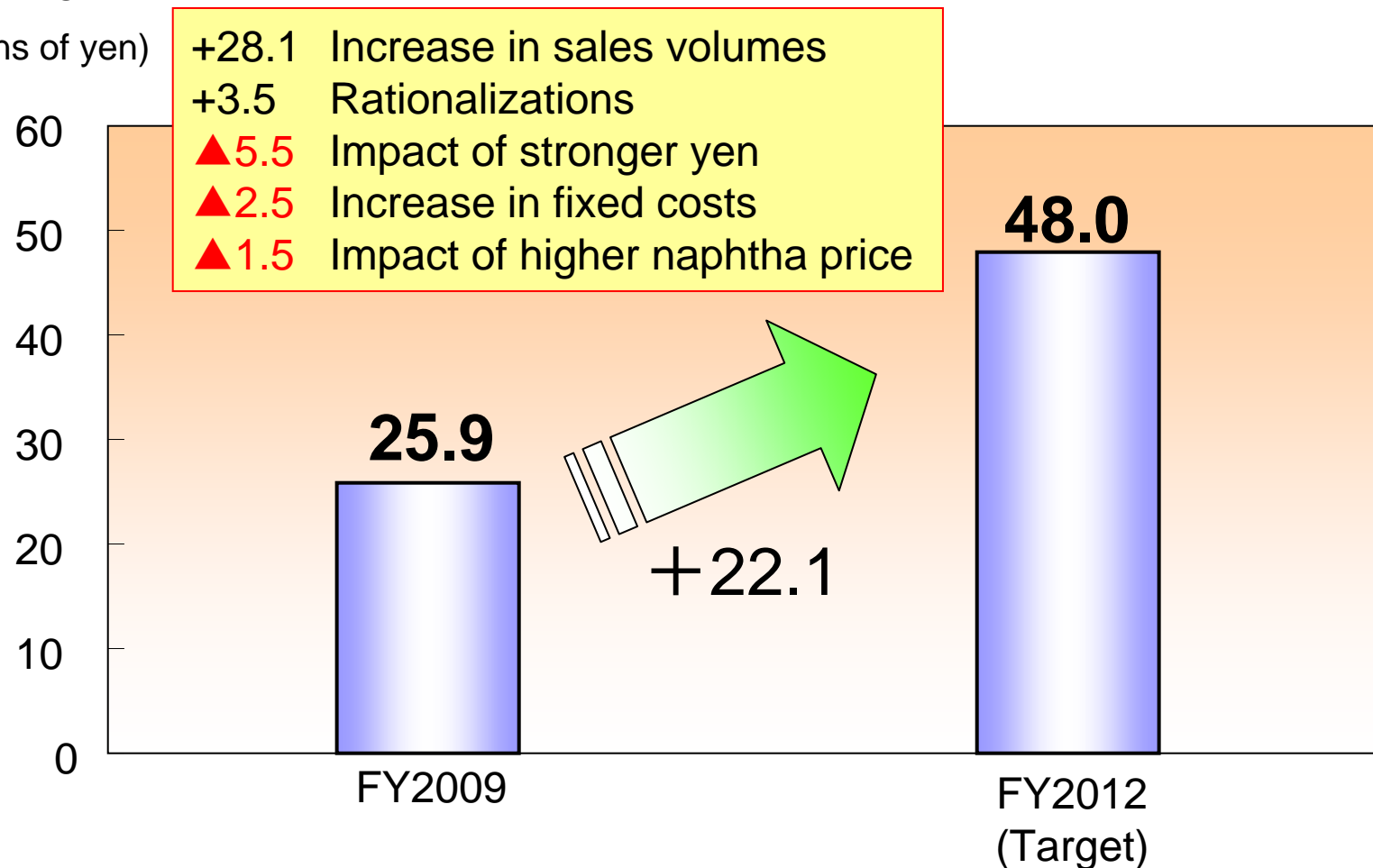


Source: Buchanan, Grisse, Jones
 Biochemistry and Molecular Biology
 of Plants
 American Society of Plant
 Physiologists, 2000

Corporate Business Plan FY2010–FY2012

Operating Income

(Billions of yen)



Sales

¥ 211.5 bn

¥ 270.0 bn

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.