

## The History of Sumitomo Chemical

# The Story of Sumitomo Chemical

A Story of Evolving with the Times and Pioneering the Future with the Power of Chemistry

The Sumitomo Group's history dates back to about 400 years ago, when the Sumitomo family started its business in Kyoto, venturing into a broad range of fields, including copper smelting and refining, trading, and mining. In 1690, they discovered the Besshi Copper Mine in Ehime Prefecture. Sumitomo Chemical got its start by manufacturing fertilizers from harmful gases emitted from the family's copper smelting operations, and has since been operating for over a century as one of the Sumitomo Group companies.

Calcium superphosphate warehouse

# 1913-1940

### Origin

The Besshi Copper Mine opened a smelter in 1884 and started full operation in 1894. Expansion of this smelting and refining business resulted in an unexpected problem of air pollution: sulfur dioxide gas emitted from the smelting process caused damage to local agricultural production. Then the company decided to take a drastic measure to prevent the emission of the harmful gas—using sulfur dioxide to produce calcium superphosphate fertilizers.

To carry out this decision, the Sumitomo Fertilizer Works was established in 1913, becoming the origin of Sumitomo Chemical. This business not only helped prevent the air pollution from the emissions, but also contributed to the development of agriculture by supplying fertilizers to farmers at low cost.

The Sumitomo family has passed down from generation to generation the words "*Jiri-Rita Koushi-Ichinyo*," which means that its business must benefit society at large, not just its own interests. This business principle is embodied in the way Sumitomo

(Billions of yen)

3,000  
2,500  
2,000  
1,500  
1,000  
500  
0

■ Net Sales / Sales Revenue\*1,2

1915-1977: Non-consolidated    1978-2020: Consolidated

\*1 Since FY2016, Sumitomo Chemical has used IFRS.

\*2 In FY1995, Sumitomo Chemical changed its fiscal year to end on March 31. Revenue from January-March 1995 has been added to FY1994.

1915

1920

1925

1930

1935

1940

Building a Foundation as a Chemical Company



addressed the problem of air pollution they faced, and its commitment to contributing to the development of a sustainable society through business, which that story demonstrates, is deeply embedded in Sumitomo Chemical's corporate philosophy.

### Venturing from the Fertilizer Industry into the Chemical Industry

The business that the company thus started, however, consumed only a small amount of sulfur in its production of fertilizer, accounting for only a mere 6% of the ore output of the Besshi Copper Mine. In order to increase the consumption of sulfur, in the form of sulfuric acid, the company decided to enter the ammonium sulfate business, which led to efficient use of sulfuric acid. Along with this, it also started manufacturing ammonia, a raw material for ammonium sulfate. After that, by introducing new technologies from outside, the company further expanded its business scope to include other industrial chemicals, including nitric acid, methanol, and formalin. In this way, a foundation was built for the company to develop from a fertilizer manufacturer into a chemical company.

# 1941-1970

**Successively launching new businesses, Sumitomo Chemical grew to become a diversified chemical company.**

### Incorporating the Fine Chemicals Business

In working to expand from the fertilizer business to the industrial chemicals business, the company found it essential to enter the field of fine chemicals, to grow into a diversified chemical company that can create synergies with its varied businesses. In 1944, Sumitomo Chemical merged with the Japan Dyestuff Manufacturing Company, which was engaged in the dyestuff and pharmaceuticals businesses. This marked the start of Sumitomo Chemical's fine chemicals business, which continued to grow in the years that followed.

### Entering the Agrochemicals Business

After World War II, Sumitomo Chemical entered the agrochemicals business, comprised of household insecticides and crop protection products. In 1953, the company launched Pynamin, a household insecticide. Meanwhile,

Sumithion, a crop protection product developed in-house, became a blockbuster. Driven by the twin engines of a household insecticide and a blockbuster crop protection product with a high safety profile, the agrochemicals business grew to play an important role in the company's fine chemicals sector.

### Growth of the Pharmaceuticals Business

The pharmaceuticals business expanded through alliances and mergers with foreign companies. With new drug candidates successively coming into its pipeline and the launch of new treatments for psychiatric and neurological diseases and cardiovascular diseases, as well as anti-inflammatory and analgesic agents, this business achieved solid growth.

### Entering the Petrochemicals Business

In 1958, Sumitomo Chemical completed the construction of manufacturing plants for ethylene and polyethylene in Ehime, Japan, and entered into the petrochemicals business. This was followed by the construction of a larger-scale ethylene plant in Chiba, Japan, and the expansion of the business into a wide range of petrochemical derivatives. The petrochemicals business expanded on the back of the rapid growth of the Japanese economy.



Pynamin Plant



Ethylene Plant

1945

1950

1955

1960

1965

1970

1975 (FY)

## Growing into a Diversified Chemical Company

A view of Niihama, Ehime Prefecture, from the Besshi Copper Mine, a significant place in the history of Sumitomo Chemical



## The History of Sumitomo Chemical



Singapore Petrochemical Complex



Valent U.S.A. Corp., a development and sales base in the United States for agrochemicals



Dongwoo Semiconductor Chemicals (currently, Dongwoo Fine-Chem) (South Korea)

# 1971-2000

For the period of about 30 years since the 1970s, Sumitomo Chemical actively pursued globalization across its business sectors in order to address changes in the world economy and social structures.

### Construction of the Singapore Petrochemical Complex

In 1971, at the request of the Singapore government, the Singapore Petrochemical Project, Sumitomo Chemical's first overseas project for its petrochemicals business, was initiated. Establishing a

petrochemical base in Singapore had an immense significance for the company, because in Singapore naphtha was available at competitive prices and the location would allow the company easy access to the Southeast Asian market, where enormous growth in demand was expected. While there were times when the future of this project became extremely uncertain, including the experience of the oil crisis, the Singapore Petrochemical Complex finally started full operation in 1984. These endeavors and achievements in Singapore brought the company valuable experience and know-how, which supported its efforts toward full-fledged globalization in the years that followed.

### Expansion of the Agrochemicals Business

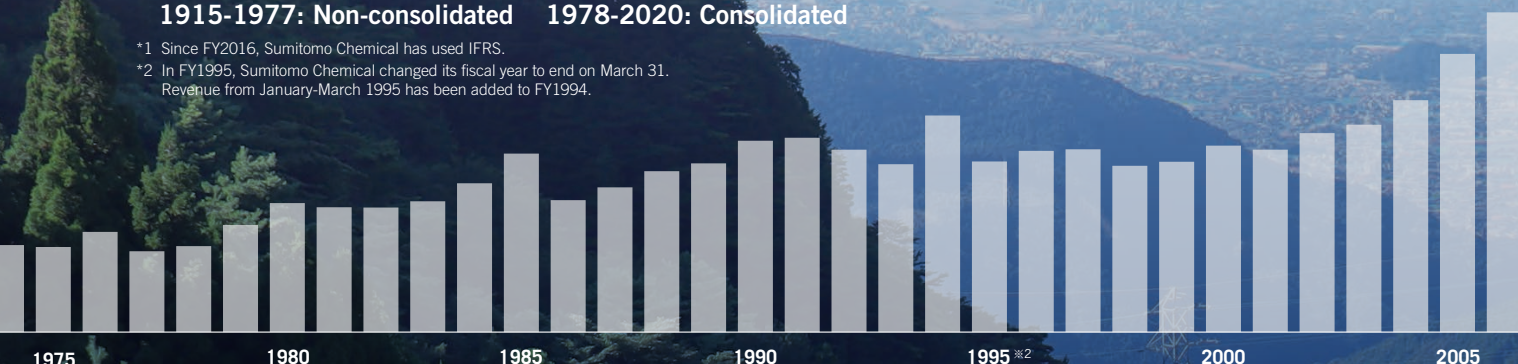
In 1988, we established Valent U.S.A. in the United States, entering the world's largest crop protection market. Since then, in the agrochemicals business, Sumitomo Chemical successively launched new products from the 1990s to 2000s, including crop protection products and household insecticides, by leveraging its advanced R&D capabilities. In addition, we have expanded the scale of our business through measures such as expanding our production capacity for methionine, a feed additive used to promote growth of poultry, and pursuing acquisitions both inside and outside Japan.

## Accelerating Our Development into a Competitive Global Company

■ Net Sales / Sales Revenue\*1,2  
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Global Expansion across Business Sectors →





Joint press conference on the merger of Daiinippon Pharmaceutical and Sumitomo Pharmaceutical



Petro Rabigh (Saudi Arabia)

# 2001-

Since the 2000s, global competition has further intensified. Under these circumstances, Sumitomo Chemical has been working to enhance its competitiveness to operate its business globally.

## Establishing and Expanding the IT-related Chemicals Sector

In the latter half of the 1990s, digitalization began to advance rapidly, with the internet, PCs, and cell phones becoming widely used in society. In response to these societal changes, Sumitomo Chemical decided to define information technology-related businesses that handle components and materials for electronic devices as one of the pillars that support the future of Sumitomo Chemical, and established the IT-related Chemicals Sector. With a particular focus on the South Korean, Taiwanese and Chinese markets, the company set up local production companies and actively expanded the

business. Backed by rapid expansion in the use of liquid crystal display panels, the business for display components, including polarizing films and color filters, achieved remarkable growth.

## Separation of the Pharmaceuticals Business and the Creation of Sumitomo Daiinippon Pharma Co., Ltd.

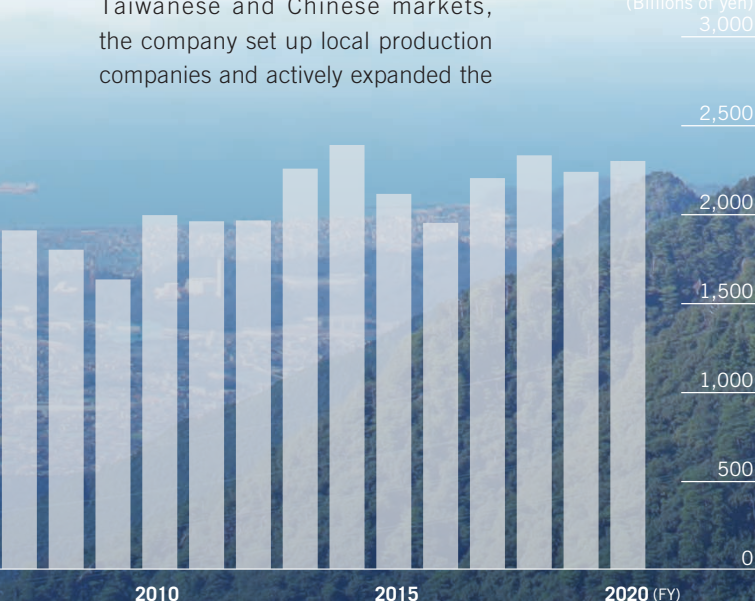
In 1984, Sumitomo Chemical and Inabata & Co., Ltd. spun off their pharmaceuticals manufacturing and sales businesses to form Sumitomo Pharmaceutical Co., Ltd., with the aim of improving efficiency and agility in manufacturing, sales and R&D and increasing competitiveness. Furthermore, in 2005, Sumitomo Pharmaceutical merged with Daiinippon Pharmaceutical to establish Sumitomo Daiinippon Pharma Co., Ltd., with the goals of strengthening their business base in Japan while also expanding their global reach. Sumitomo Daiinippon Pharma has actively been

promoting the sales of Latuda, an atypical antipsychotic agent developed in-house, in the US and the EU.

## Implementation of the Rabigh Project

The Rabigh Project, a substantial project to construct a world-scale oil refinery and petrochemicals complex in Saudi Arabia, got its start in 2004 when Sumitomo Chemical and Saudi Aramco signed a memorandum of understanding. Saudi Aramco selected Sumitomo Chemical as its partner for this project, highly valuing Sumitomo Chemical's outstanding technological capabilities, robust sales force in Asia, and the achievements of its petrochemicals business in Singapore. In 2005, Rabigh Refining and Petrochemical Company (Petro Rabigh) was established as a joint venture between Saudi Aramco and Sumitomo Chemical, with the Phase I Project starting commercial operations in 2009, and the Phase II Project starting in 2019.

(Billions of yen)



Sumitomo Chemical remains committed to its principle of contributing to the development of a sustainable society through business, even after more than a century has passed since its foundation. The company will continue to work to resolve various issues facing people around the world and achieve long-term sustained growth.

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## Deepening Global Management