



Change and Innovation
Create New Value

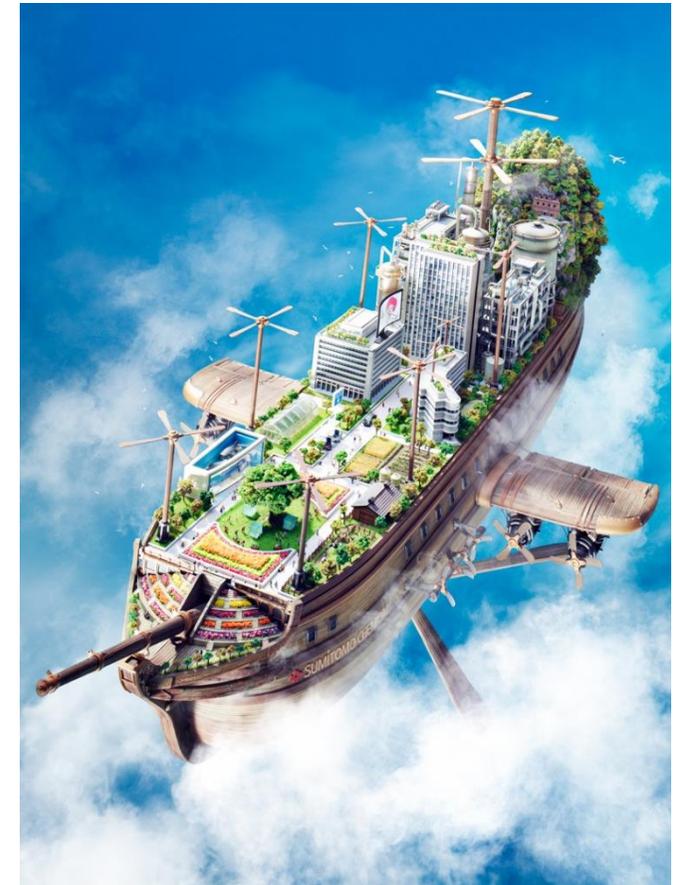
Current Priority Management Issues and Business Strategy

November 27, 2017

 **SUMITOMO CHEMICAL**

Masakazu Tokura
President

| | | |
|--|---|-------|
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Performance Trends

FY2017 1H vs. FY2016 1H

(Billions of yen)

| | FY2016 1H | FY2017 1H | Change |
|--|--------------|--------------|--------|
| Sales | 900.5 | 1,054.1 | +153.6 |
| Operating Income | 47.3 | 92.0 | +44.8 |
| (Equity in Earnings of Affiliates) | 18.8 | 22.6 | +3.8 |
| Ordinary Income | 50.6 | 115.0 | +64.4 |
| Net Income Attributable to Owners of the Parents | 19.2 | 68.5 | +49.3 |
| Naphtha Price | ¥31,500/kl | ¥37,600/kl | |
| Exchange Rate | ¥105.20/\$ | ¥111.04/\$ | |

FY2017 1H vs. FY2016 1H: Operating Income by Sector

(Billions of yen)

| | FY2016 1H | FY2017 1H | Change | Reason for Change |
|--|--------------|--------------|--------|---|
| Specialty Chemicals | 45.4 | 72.5 | +27.2 | |
| Energy & Functional Materials | 2.2 | 9.9 | +7.7 | Increased shipment volumes of resorcinol and SEP |
| IT-related Chemicals | 2.5 | 8.7 | +6.2 | Increased shipment volumes of polarizing films and touchscreen panels |
| Health & Crop Sciences | 12.9 | 5.6 | -7.2 | Lower methionine market prices |
| Pharmaceuticals | 27.9 | 48.3 | +20.5 | Increased sales of Latuda |
| Bulk Chemicals | 6.7 | 25.0 | +18.3 | |
| Petrochemicals & Plastics | 6.7 | 25.0 | +18.3 | Improved margins of MMA and synthetic resins |
| Others | -4.8 | -5.5 | -0.8 | |
| Total | 47.3 | 92.0 | +44.8 | |

FY2017 Forecast vs. FY2016

(Billions of yen)

| | FY2016 | FY2017 (Forecast) | Change |
|---|------------|----------------------|--------|
| Sales | 1,954.3 | 2,210.0 | +255.7 |
| Operating Income | 134.3 | 185.0 | +50.7 |
| (Equity in Earnings of Affiliates) | 41.2 | 43.0 | +1.8 |
| Ordinary Income | 166.6 | 215.0 | +48.4 |
| Net Income Attributable to Owners of the Parents | 85.5 | 120.0 | +34.5 |
| Naphtha Price | ¥34,700/kl | ¥37,300/kl | |
| Exchange Rate | ¥108.34/\$ | ¥110.52/\$ | |

FY2017 Forecast vs. FY2016: Operating Income by Sector

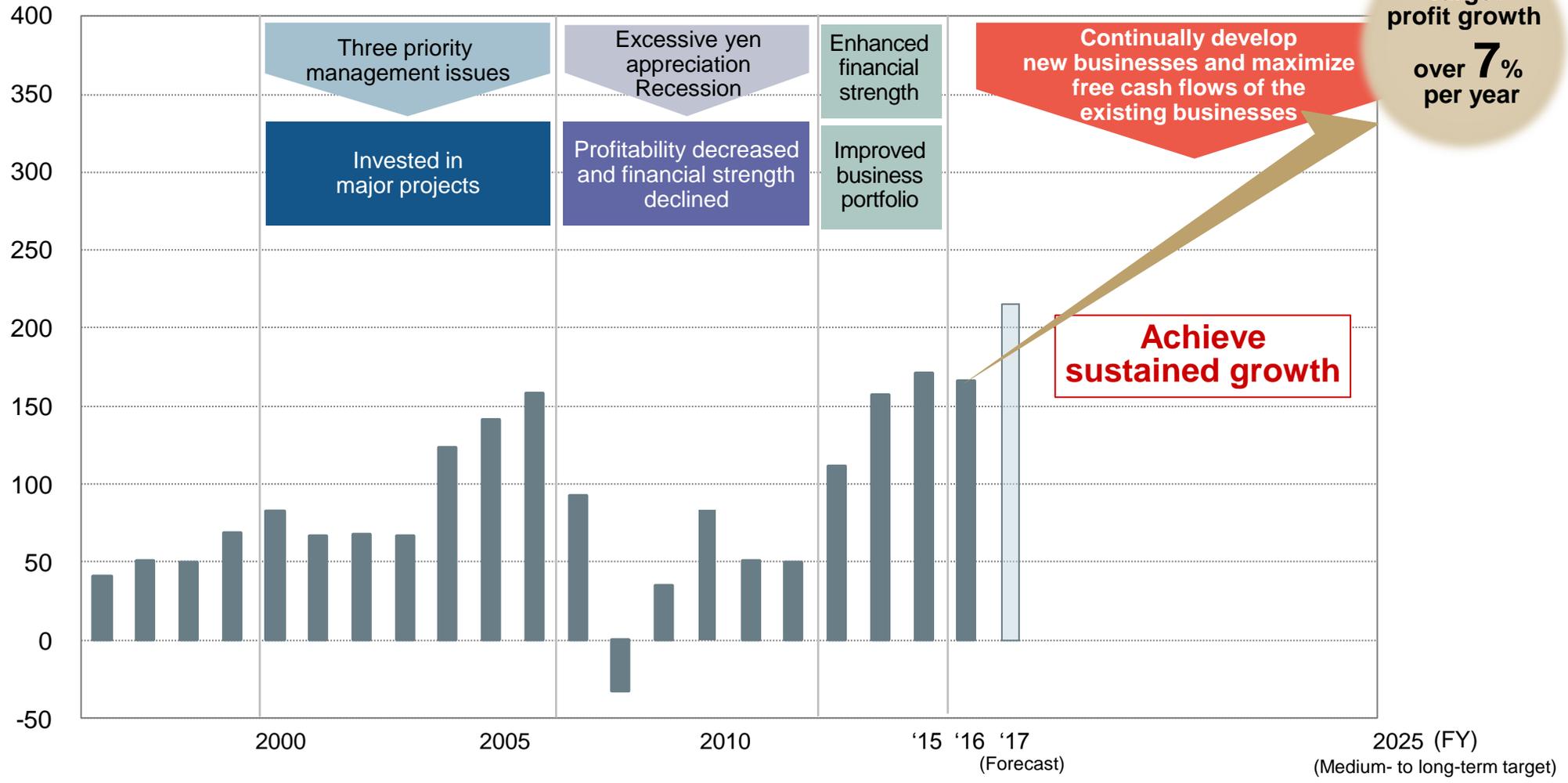
(Billions of yen)

| | FY2016 | FY2017 (Forecast) | Change | Reason for Change |
|-------------------------------|--------|----------------------|--------|---|
| Specialty Chemicals | 118.8 | 160.0 | +41.2 | |
| Energy & Functional Materials | 7.2 | 15.0 | +7.8 | Increased shipment volumes of resorcinol and SEP |
| IT-related Chemicals | 10.3 | 21.0 | +10.7 | Increased shipment volumes of polarizing films and touchscreen panels |
| Health & Crop Sciences | 46.2 | 50.0 | +3.8 | Increased shipment volumes of crop protection chemicals |
| Pharmaceuticals | 55.1 | 74.0 | +18.9 | Increased sales of Latuda |
| Bulk Chemicals | 26.6 | 37.0 | +10.4 | |
| Petrochemicals & Plastics | 26.6 | 37.0 | +10.4 | Improved margins of MMA and synthetic resins |
| Others | -11.0 | -12.0 | -1.0 | |
| Total | 134.3 | 185.0 | +50.7 | |

What Sumitomo Chemical Strives To Be: Ten Years Ahead

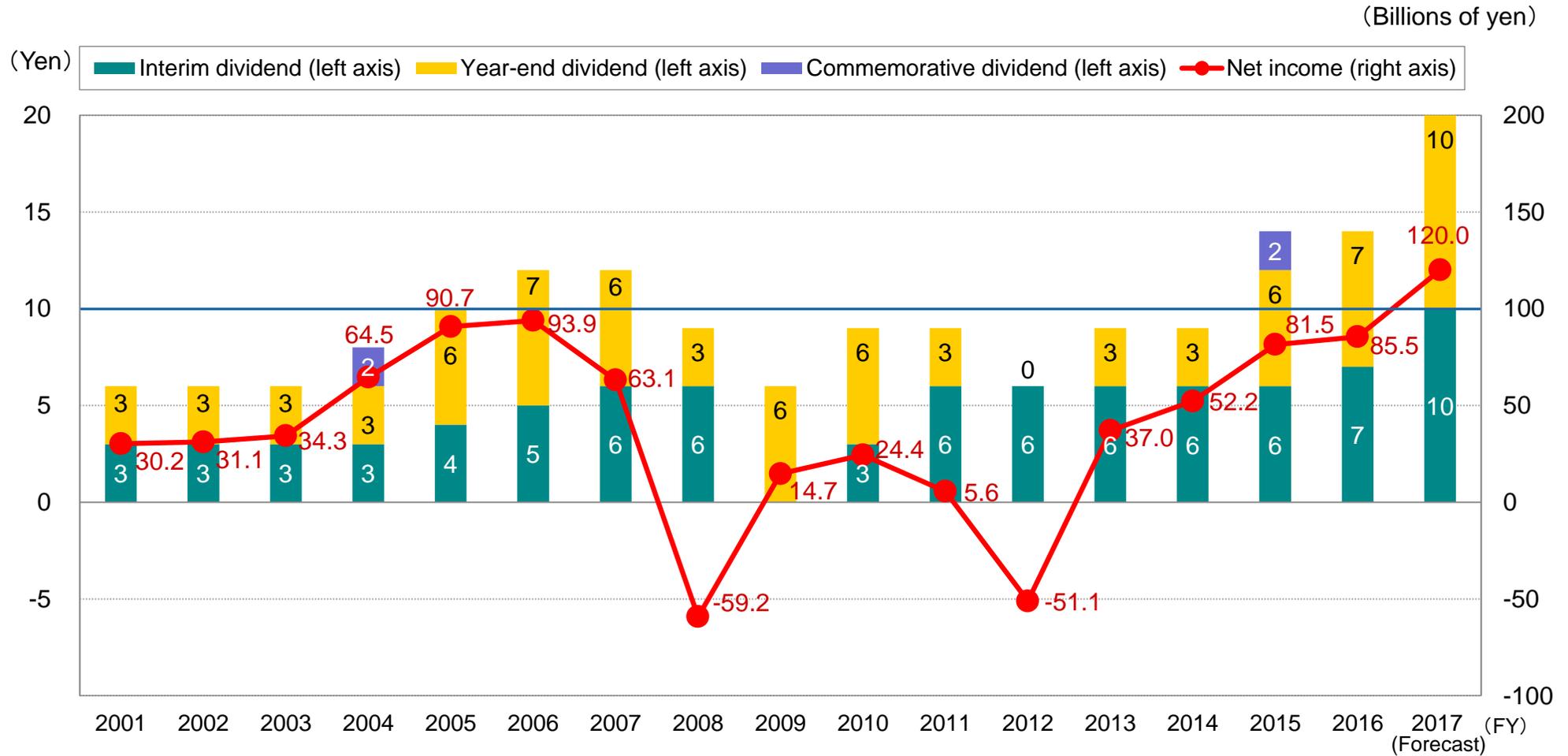
Trend of Ordinary Income

(Billions of yen)



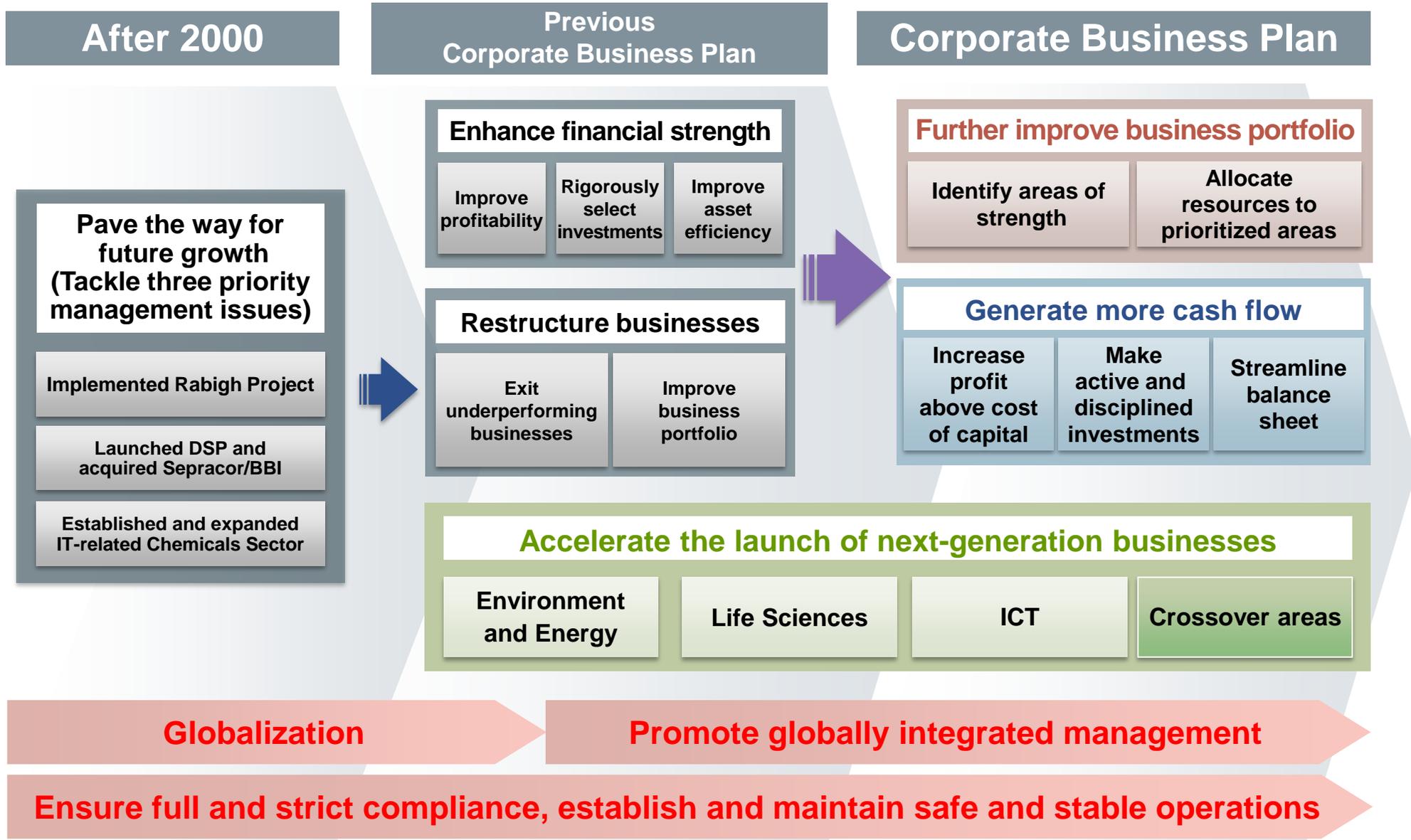
Dividend Policy

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.



Business Strategy

Corporate Business Plan: Basic Policy



Corporate Business Plan: Performance Targets

(Billions of yen)

| | FY2017 (Forecast) | FY2018 (Corporate Business Plan) |
|---|------------------------------|---|
| Sales | 2,210.0 | 2,540.0 |
| Operating Income | 185.0 | 200.0 |
| (Equity in Earnings of Affiliates) | 43.0 | 29.0 |
| Ordinary Income | 215.0 | 210.0 |
| Net Income Attributable to Owners of the Parents | 120.0 | 110.0 |
| Naphtha Price | ¥37,300/kl | ¥45,000/kl |
| Exchange Rate | ¥110.52/\$ | ¥120.0/\$ |

Corporate Business Plan: Performance Targets by Sector

(Billions of yen)

| | FY2017 (Forecast) | FY2018 (Corporate Business Plan) |
|-------------------------------|------------------------------|---|
| Specialty Chemicals | 160.0 | 192.0 |
| Energy & Functional Materials | 15.0 | 18.0 |
| IT-related Chemicals | 21.0 | 34.0 |
| Health & Crop Sciences | 50.0 | 86.0 |
| Pharmaceuticals | 74.0 | 54.0 |
| Bulk Chemicals | 37.0 | 21.0 |
| Petrochemicals & Plastics | 37.0 | 21.0 |
| Others | -12.0 | -13.0 |
| Total | 185.0 | 200.0 |

Corporate Business Plan: Medium- to Long-term vs. FY2018 Performance Targets

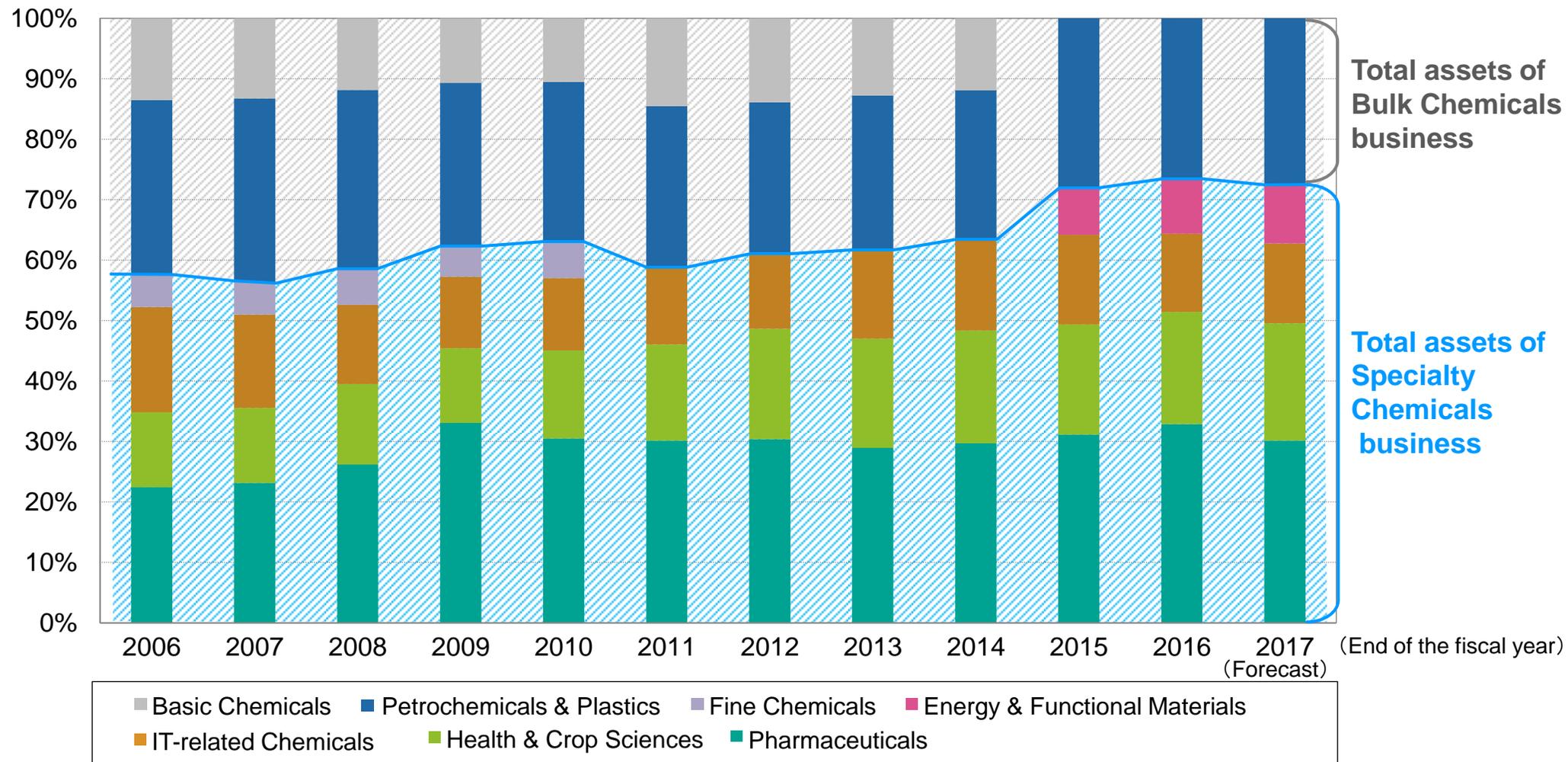
| | Medium- to Long-term Targets Consistently achieve the following targets: | FY2018 Corporate Business Plan | (Reference) FY2017 Forecast |
|-----------------------------------|---|---------------------------------------|------------------------------------|
| ROE | over 10% | 12% | 14% |
| ROI | over 7% | 7% | 8% |
| D/E Ratio | approx. 0.7 times | 0.6-0.7 times* ² | 0.7 times |
| Dividend Payout Ratio | approx. 30% | – | 27% |
| Profit Growth*¹ | over 7% per year | 11% per year | – |

*1 Compounded annual growth rate of net income from the last year of the previous Corporate Business Plan

*2 Including the effects of strategic M&A investments

Changes in Our Business Portfolio

Changes in Asset Structure*

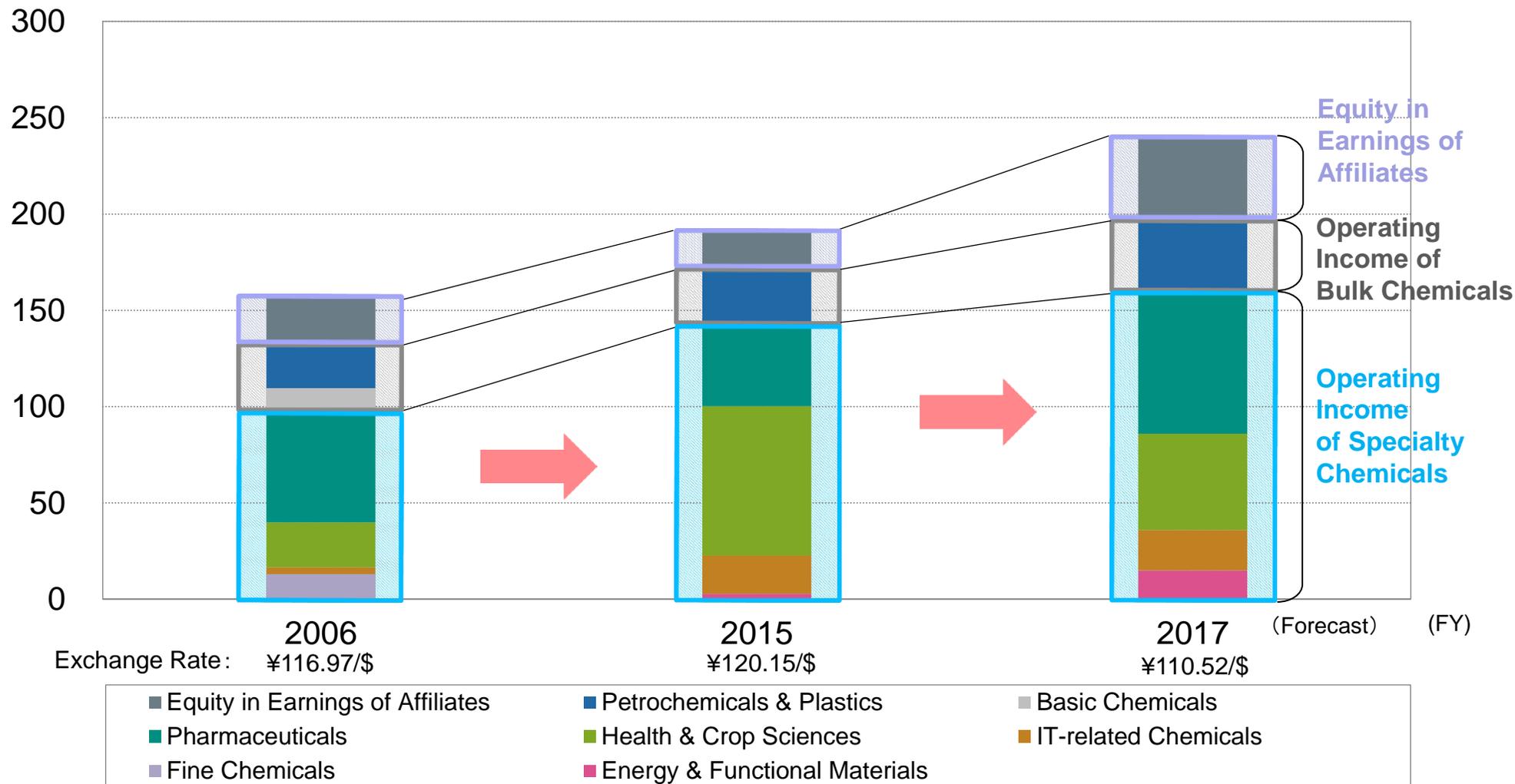


* Excluding Others and Eliminations

Changes in Our Business Portfolio

Composition of Record-High Profits (Operating Income + Equity in Earnings of Affiliates)*

(Billions of yen)



* Excluding the "Others" sector and eliminations

Business Strategy by Sector

- **Petrochemicals & Plastics**
- **Energy & Functional Materials**
- **IT-related Chemicals**
- **Health & Crop Sciences**
- **Pharmaceuticals**

Business Strategy by Sector

- **Petrochemicals & Plastics**
 - Energy & Functional Materials
 - IT-related Chemicals
 - Health & Crop Sciences
 - Pharmaceuticals

Petrochemicals & Plastics:

Globalization Leveraging the Features of Our Three Centers

Saudi Arabia

Sales: ¥220.0 billion*1

Features: Cost-competitive profit center leveraging low-cost feedstock

*1: Sales for the Petrochemicals & Plastics business, not including revenues from the Rabigh Phase II Project



Japan

Sales: ¥320.0 billion

Features: Mother plant & mother research center leading the development of technology, products and know-how



Singapore

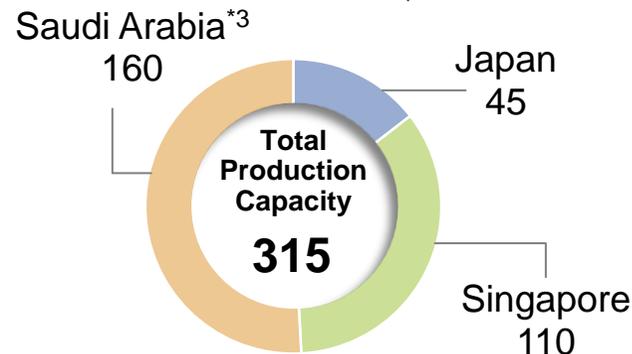
Sales: ¥330.0 billion*2

Features: Center for high added value strategy, with strong relations with blue-chip customers



Ethylene Production Capacity by Location

(Units: 10,000 tons)



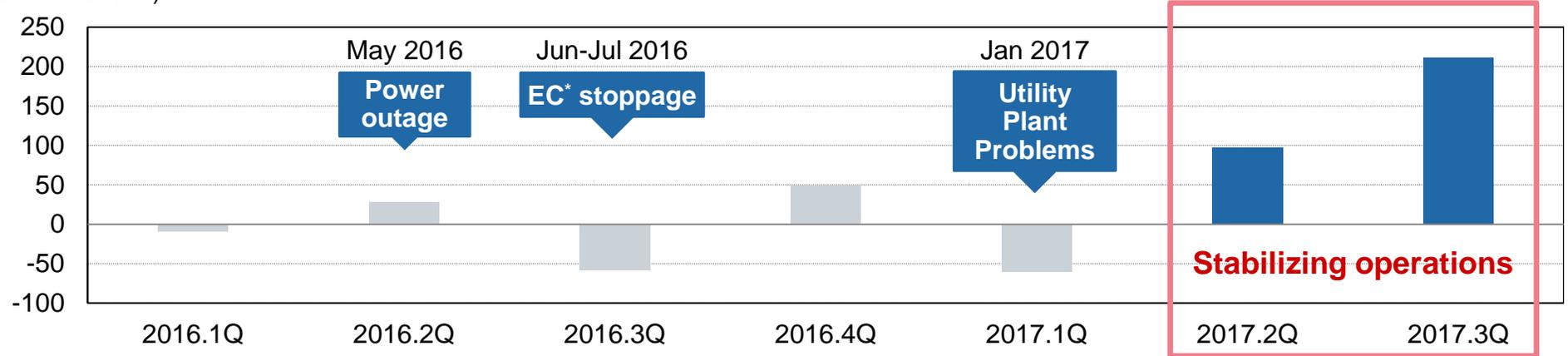
*2: Including outside sales of PCS

*3: Including the production capacity of the Rabigh Phase II Project

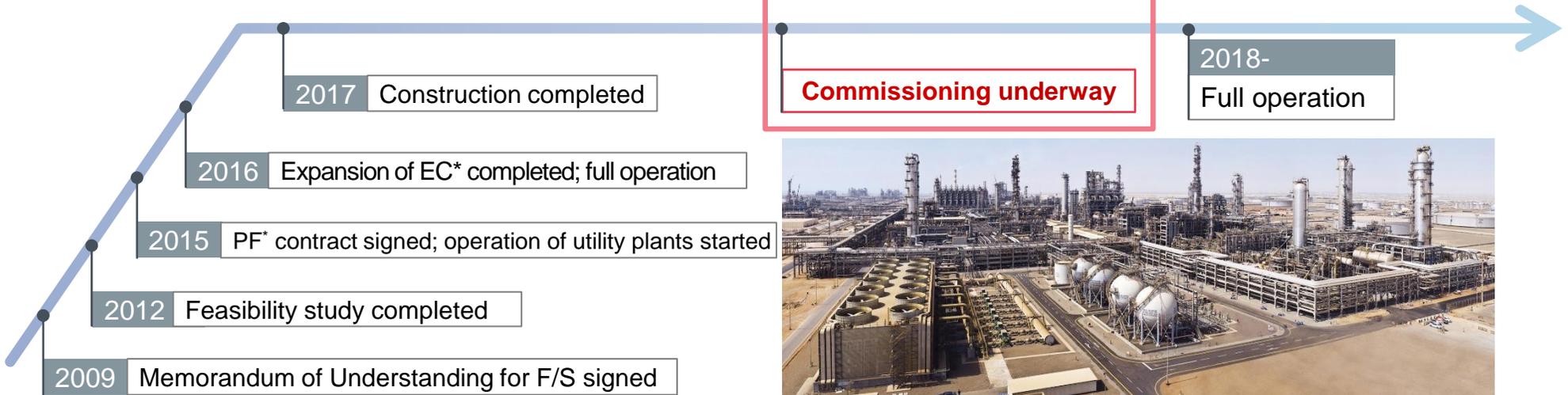
Current Status of the Rabigh Project (Saudi Arabia)

Quarterly Net Income/Loss

(Millions of dollars)



Progress of the Phase II Project



* EC: ethane cracker PF: project finance

Progress in Enhancing Competitiveness (Singapore)

PCS's strengths

- Top-class cost competitiveness (naphtha-based)
- Strong track record of safe and stable operation



TPC's strengths

- Strong customer relations
- Strong track record of safe and stable operation
- High-value added products taking a large share in its product portfolio (approx. 70%)



Policies to Enhance Competitive Strength

| | |
|----------------|--|
| 2006 | Propylene plant started operation (metathesis process) |
| 2014 | Second butadiene plant started operation |
| 2017 | Naphtha storage tanks expanded |
| 2018 (planned) | Increased compressor efficiency |

Policies to Enhance Competitive Strength

| | |
|----------------|---|
| 2006 | Production line changeover (standard-grade PE → terpolymer) |
| 2007 | Launch of HEVA for use in solar cells |
| 2009 | Launch of PP for use in capacitors |
| 2016 | Production line modification (co-production of terpolymer and random copolymer for use in food packaging) |
| 2018 (planned) | Launch of PP for use in separators |

Maintain and enhance top-class competitiveness as naphtha-based plants

Business Strategy by Sector

- Petrochemicals & Plastics
- **Energy & Functional Materials**
- IT-related Chemicals
- Health & Crop Sciences
- Pharmaceuticals

Sumitomo Chemical Products for Automobiles

Major Products for Automobiles

Plastics

- PP
- PP compound
- TPE
- PMMA
- ABS resin
- EPDM

- Aluminum

- Electrodeposition Paint



- Petrochemicals & Plastics Sector Products
- Energy & Functional Materials Sector Products
- ↗ Businesses where high growth is expected

Super Engineering Plastics

- PES (engine and transmission components) ↗
- LCP (external panels, pipe-related components, relays) ↗

Li-Ion Battery Components

- Separators ↗
- Cathode Materials ↗
- High Purity Alumina

Tire-related products

- Resorcinol (tires)
- S-SBR ↗

**Sumitomo Chemical Group's sales for automotive-related products:
¥200.0 billion (fiscal 2017)**

Developing Various Products for Automobiles

Major Products for Automobiles in Energy & Functional Materials Sector

- EPDM

- Aluminum



 Businesses where high growth is expected

Super Engineering Plastics

- PES (engine and transmission components) 
- LCP (external panels, pipe-related components, relays) 

Li-Ion Battery Components

- Separators 
- Cathode Materials 
- High Purity Alumina

Tire-related products

- Resorcinol (tires)
- S-SBR 

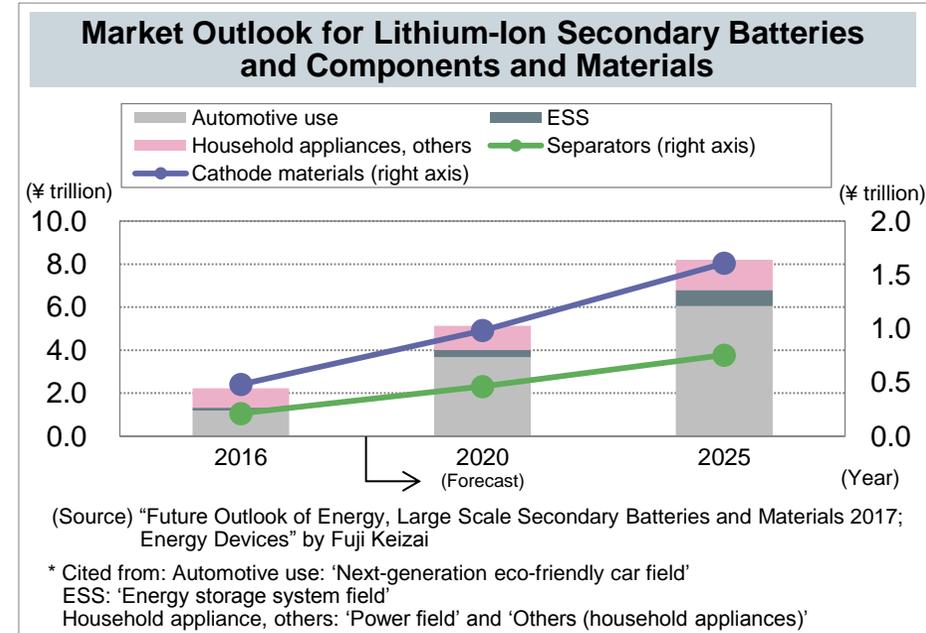
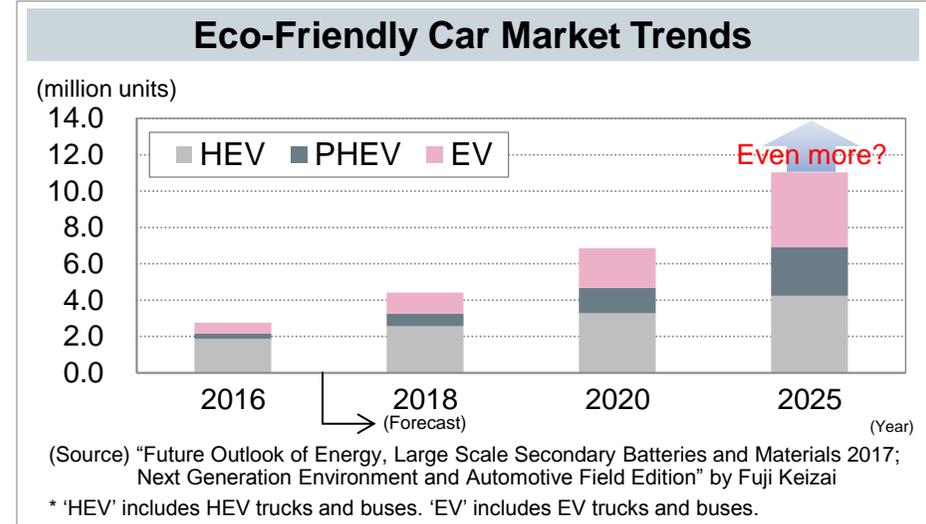
**Sumitomo Chemical Group's sales for automotive-related products:
¥200.0 billion (fiscal 2017)**

Energy & Functional Materials: Market Trends for Eco-Friendly Cars

Automobile manufacturers accelerating shift to eco-friendly cars

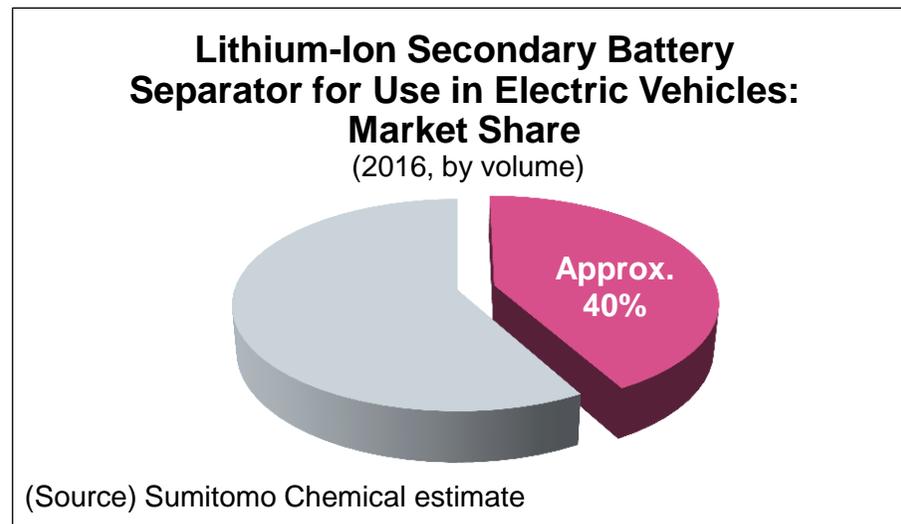
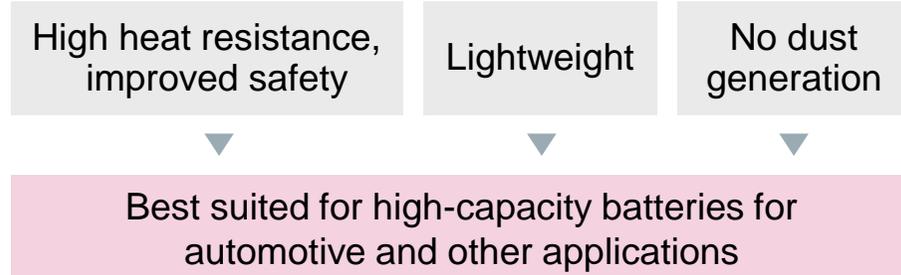
| Automobile manufacturer | Share of eco-friendly car sales (Target) |
|-------------------------|--|
| VW | EV: 25%, 3 million units (2025) |
| BMW | EV/PHEV: 15-25% (2025) |
| Daimler | EV: 15-25% (2025) |
| Volvo | Eco-friendly cars: 100% (2019) |
| Tesla | EV: 100%, 500,000 units (2018) |
| Renault-Nissan | Eco-friendly cars: 30%, 4.7 million units (2022) |
| Honda | Eco-friendly cars: 2/3 (2030) |
| Toyota | HEV: 1.5 million units (by 2020) |

(Source) Compiled by Sumitomo Chemical based on the Nikkei and others

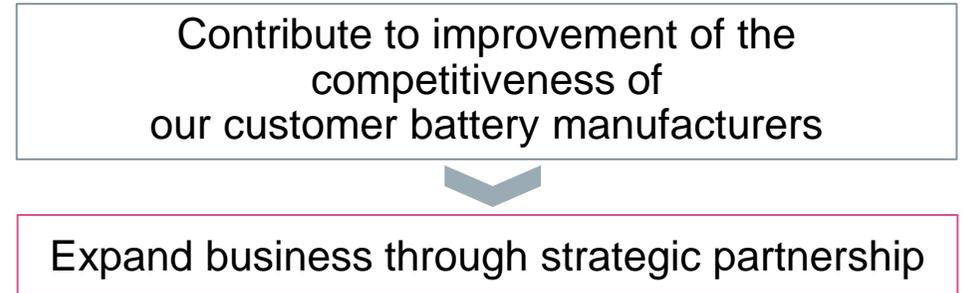


Lithium-Ion Secondary Battery Separator

Advantages of aramid coated separators (compared to ceramic separators)



Sumitomo Chemical's Business Strategy



Separator production capacity expansion plan

Production capacity: South Korea production capacity to be quadrupled

Start of operation: 1Q 2017; in stages

Separator production capacity



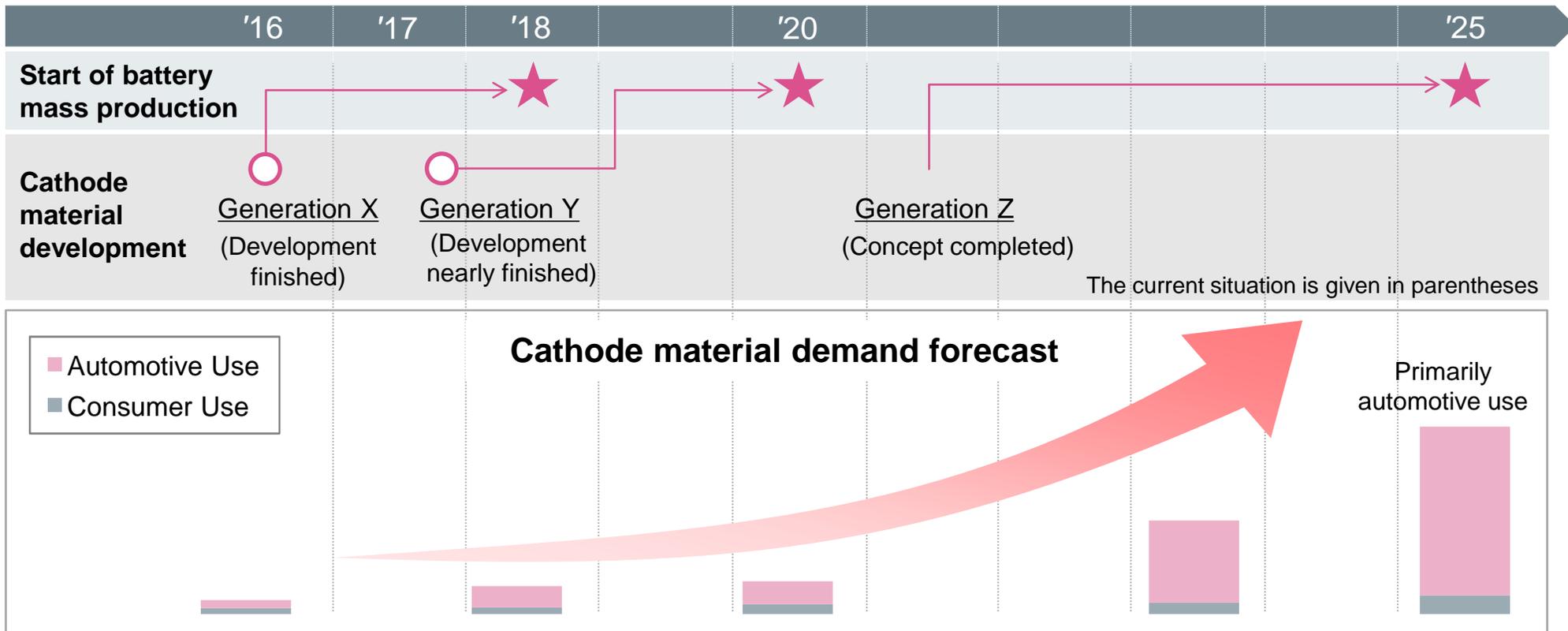
| | Future |
|-------------|------------------------------------|
| Japan | Approx. 100 million m ² |
| South Korea | Approx. 300 million m ² |
| Total | Approx. 400 million m ² |

4 times vs. 2016

Accelerating shift to eco-friendly cars → **Utilize the advantages of aramid coated separators to build a strong position in the area of separators for automotive use**

Entry into the Cathode Materials Business

Cathode Materials: Development Schedule and Demand Forecast (Sumitomo Chemical estimate)

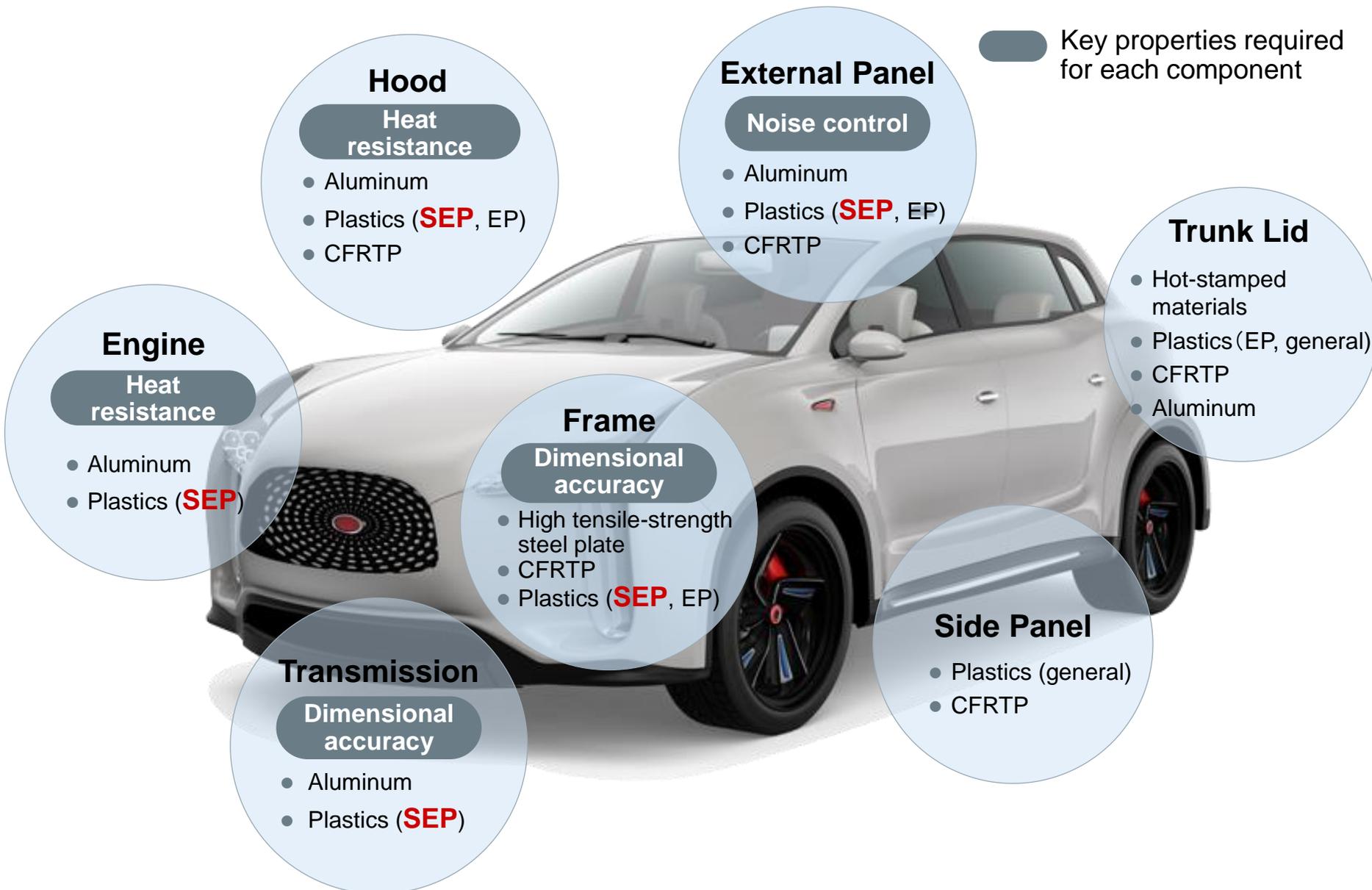


Entered the cathode materials business, with the aim of securing early adoption in automotive batteries, an area where demand is expected to grow sharply

August 2016 Acquired Tanaka Chemical Corp.* (2016 sales: ¥13.3 billion)

* Market leader in external sales of cathode material precursor

Required Functions for Automotive Components (Besides Weight Reduction)



Energy & Functional Materials:

Advantages of Super Engineering Plastics and Enhanced Production Capacity

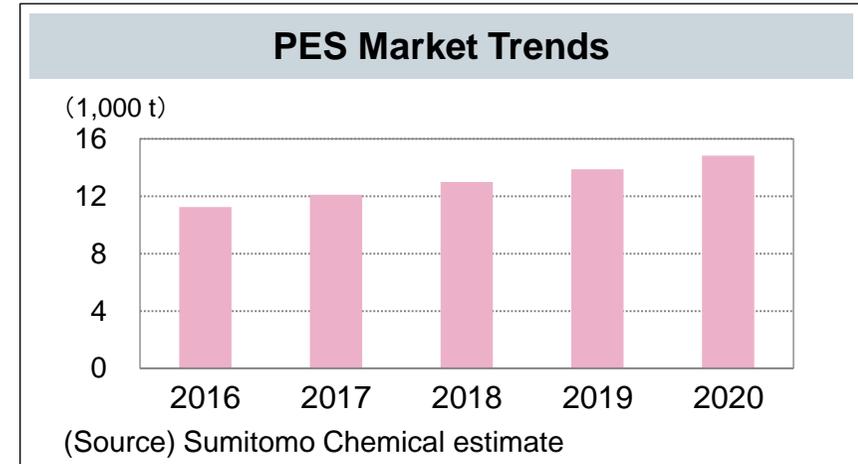
Advantages of Super Engineering Plastics Compared with General Use Engineering Plastics (beside weight reduction)

| | General Use EP | | SEP | |
|---|----------------|---------------|---------------|-------------|
| | PA66 (GF30%) | PC (GF30%) | PES (GF30%) | LCP (GF40%) |
| Heat resistance (softening point)  | × (80°C) | △ (130~145°C) | ○ (220~230°C) | ○ (300°C~) |
| Dimensional accuracy  | × | △ | ◎ | ○ |
| Noise control  | × | × | × | ○ |
| Oil resistance | ○ | × | ○ | ○ |
| Material cost | ○ | ○ | △ | △ |
| Processing cost | ○ | ○ | ○ | ◎ |

Applications requiring each property

 Hood, parts near the engine  Frame, transmission  External panels

PES Market and Sumitomo Chemical's Production Capacity



Plan for PES Production Capacity Expansion

Completion: Spring 2018

Production capacity increase: Approx. 3,000 tons/ year

Location: Chiba Works

Total production capacity after expansion:
Approx. 6,000 tons/ year

- Our unique polymer synthesis technology
- Compound technology
- Proposing applications leveraging the advantages of our SEP
- Proposing designs for parts to automobile and component manufacturers



Developing New Automotive Applications



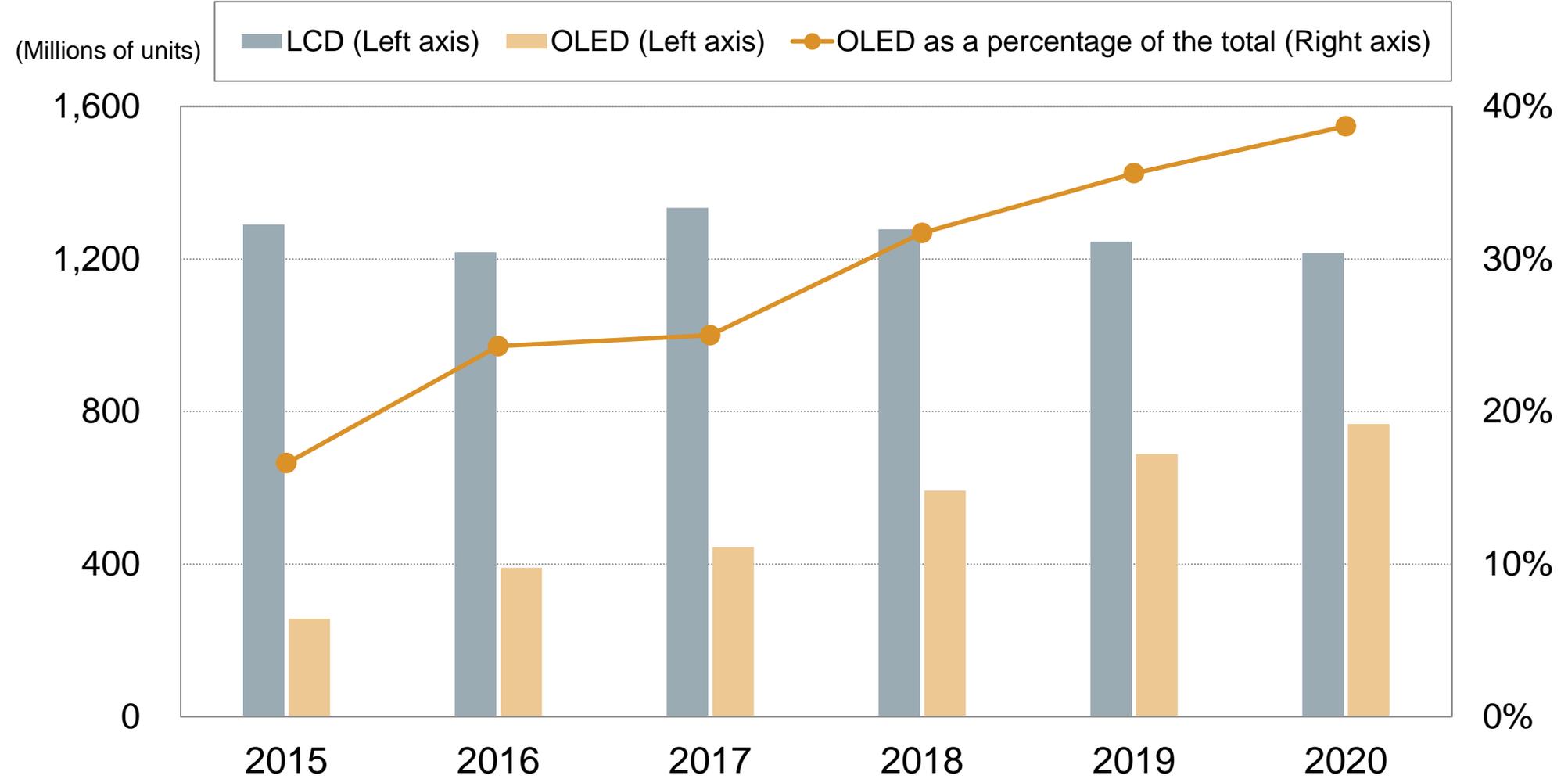
Increased Sales

Business Strategy by Sector

- Petrochemicals & Plastics
- Energy & Functional Materials
- **IT-related Chemicals**
- Health & Crop Sciences
- Pharmaceuticals

IT-related Chemicals: Mobile Display Market Trends

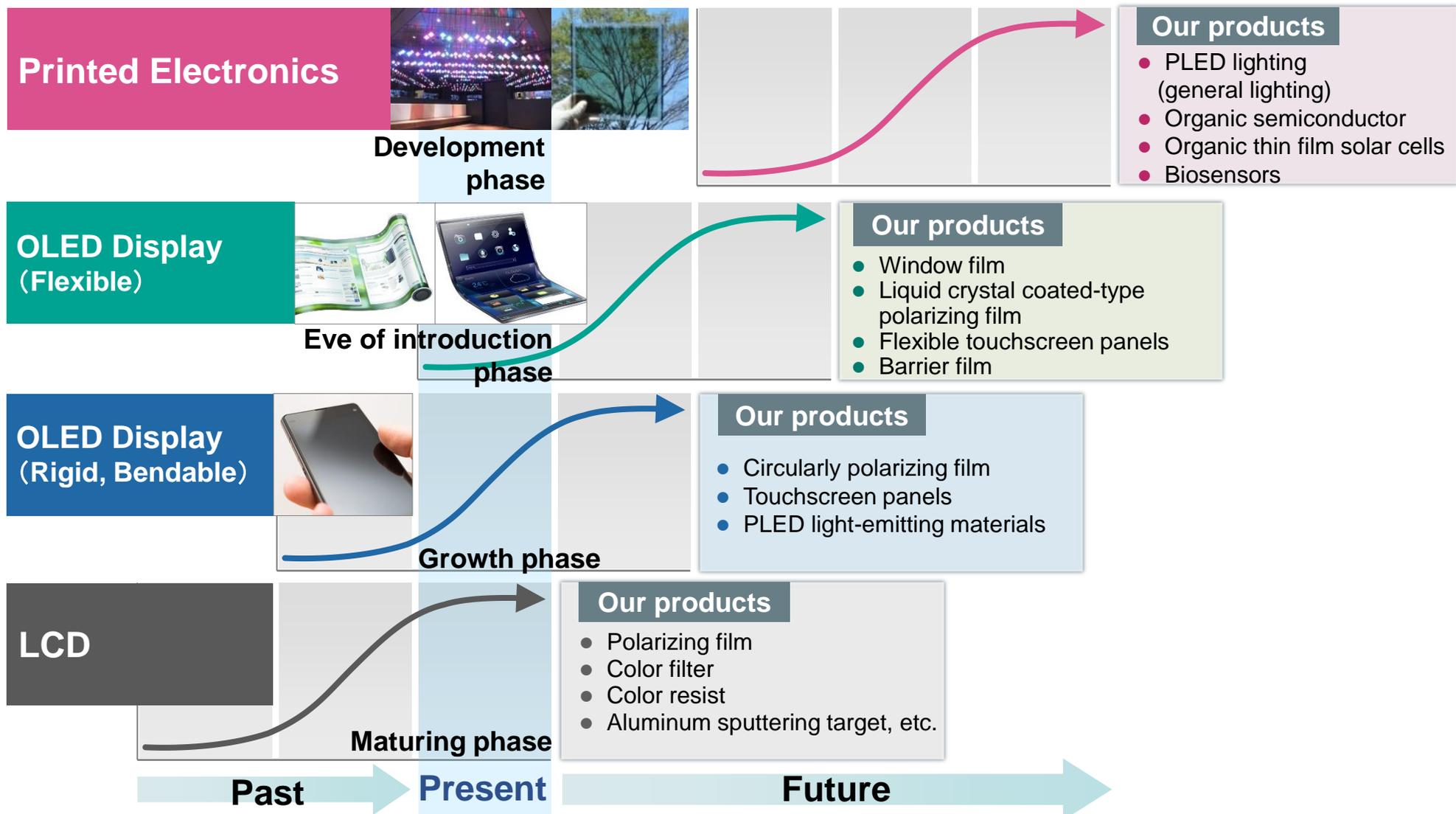
Shipment of Smartphone Panels



(Source) IHS Markit Technology

IT-related Chemicals:

Business Life Cycle Management in ICT Area



Develop the pipeline of next-generation businesses in anticipation of a generational shift in display technology

Commercialization of Polymer OLED Materials

LG Display's Plan for OLED Investment

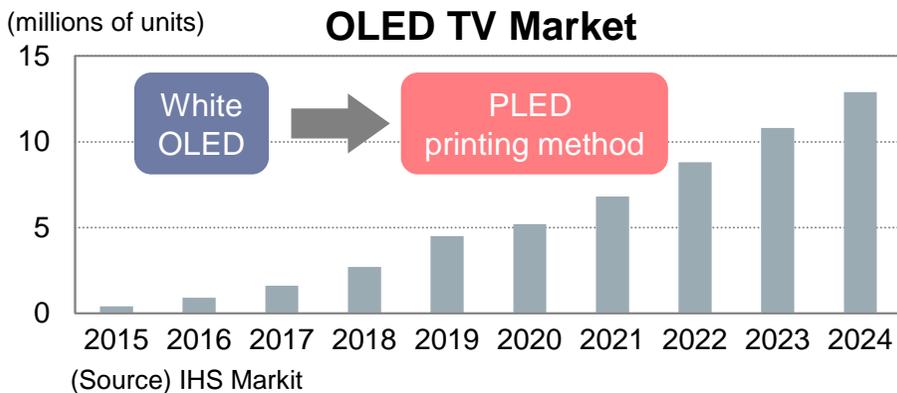
| Guangzhou Works, China | Paju Works, South Korea |
|---|---|
| Substrate size: Gen 8.5 Investment amount: 2.6 trillion won* | Substrate size: Gen 10.5 Investment amount: 2.8 trillion won |
| *LG Displays's share in the investment: 70%. | |

Substrate size: Gen 8.5
Investment amount: 2.6 trillion won*

*LG Displays's share in the investment: 70%.

Substrate size: Gen 10.5
Investment amount: 2.8 trillion won

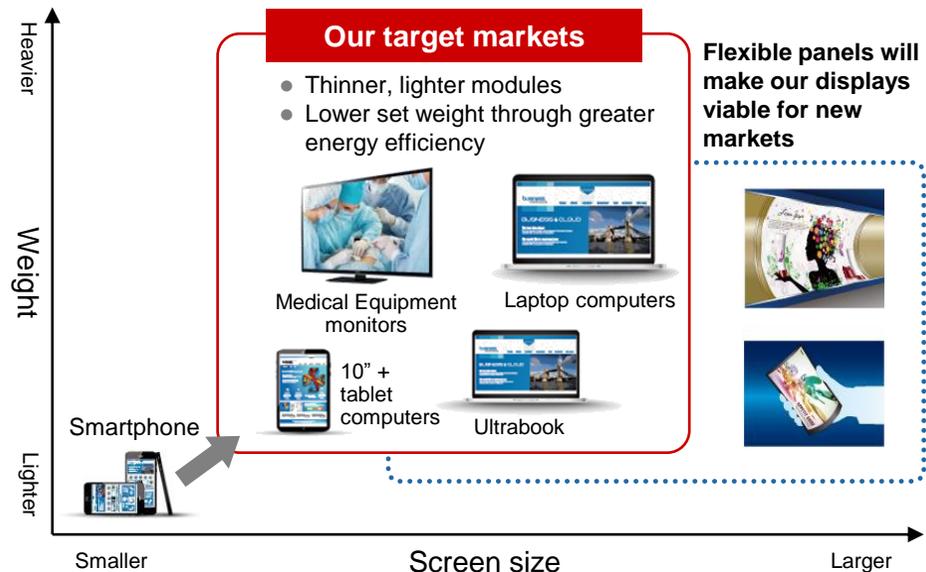
Increasing W-OLED production capacity and considering pilot production using PLED printing method



JOLED Starts Shipments of Mid-size OLED

Product: 21.6" 4K

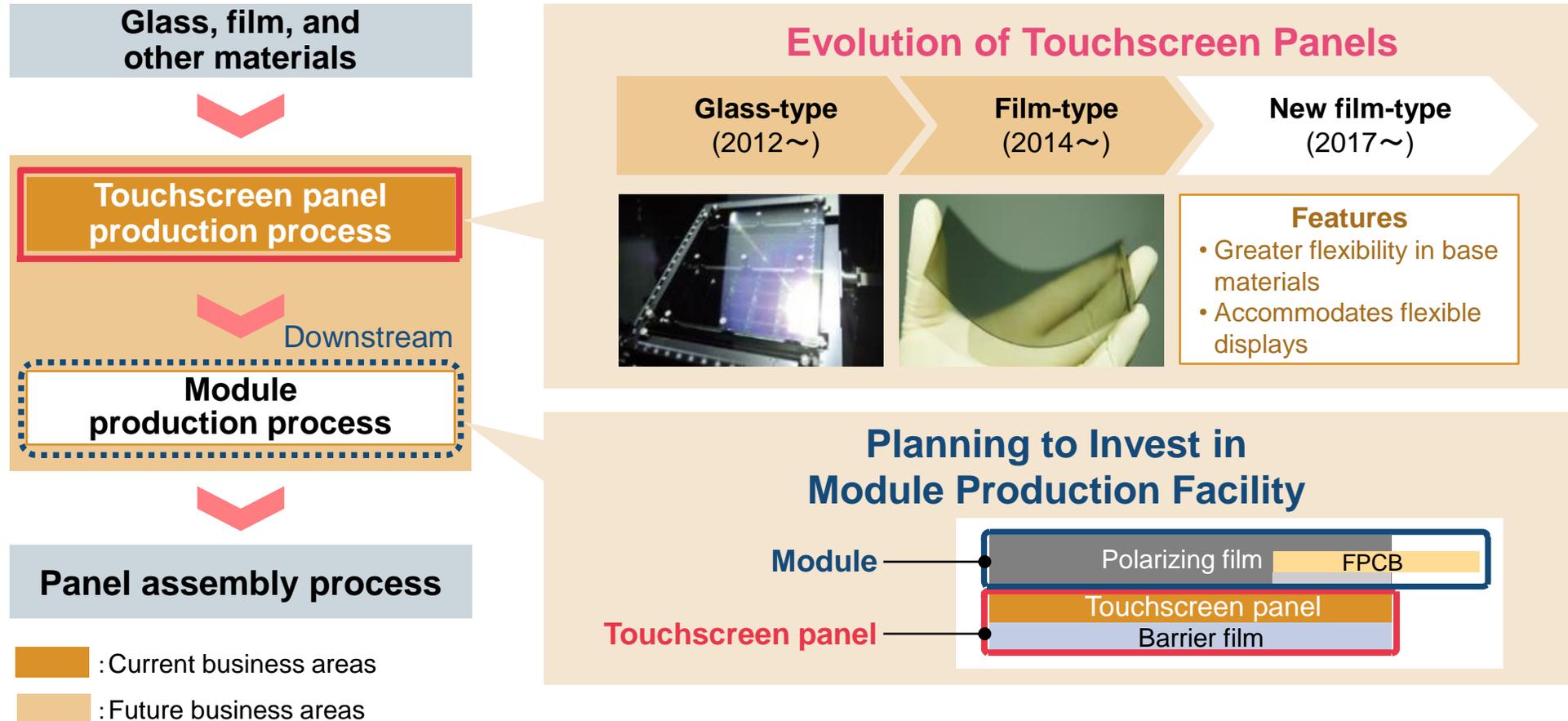
- Features:**
1. RGB printing method (polymer LED materials)
 2. Low power consumption (self-lighting)
 3. High picture quality (high brightness, high contrast)



Display manufacturers are considering investment in large-scale commercial production facilities

Developing New Touchscreen Panels Products and Technologies

Supply Chain for Touchscreen Panels

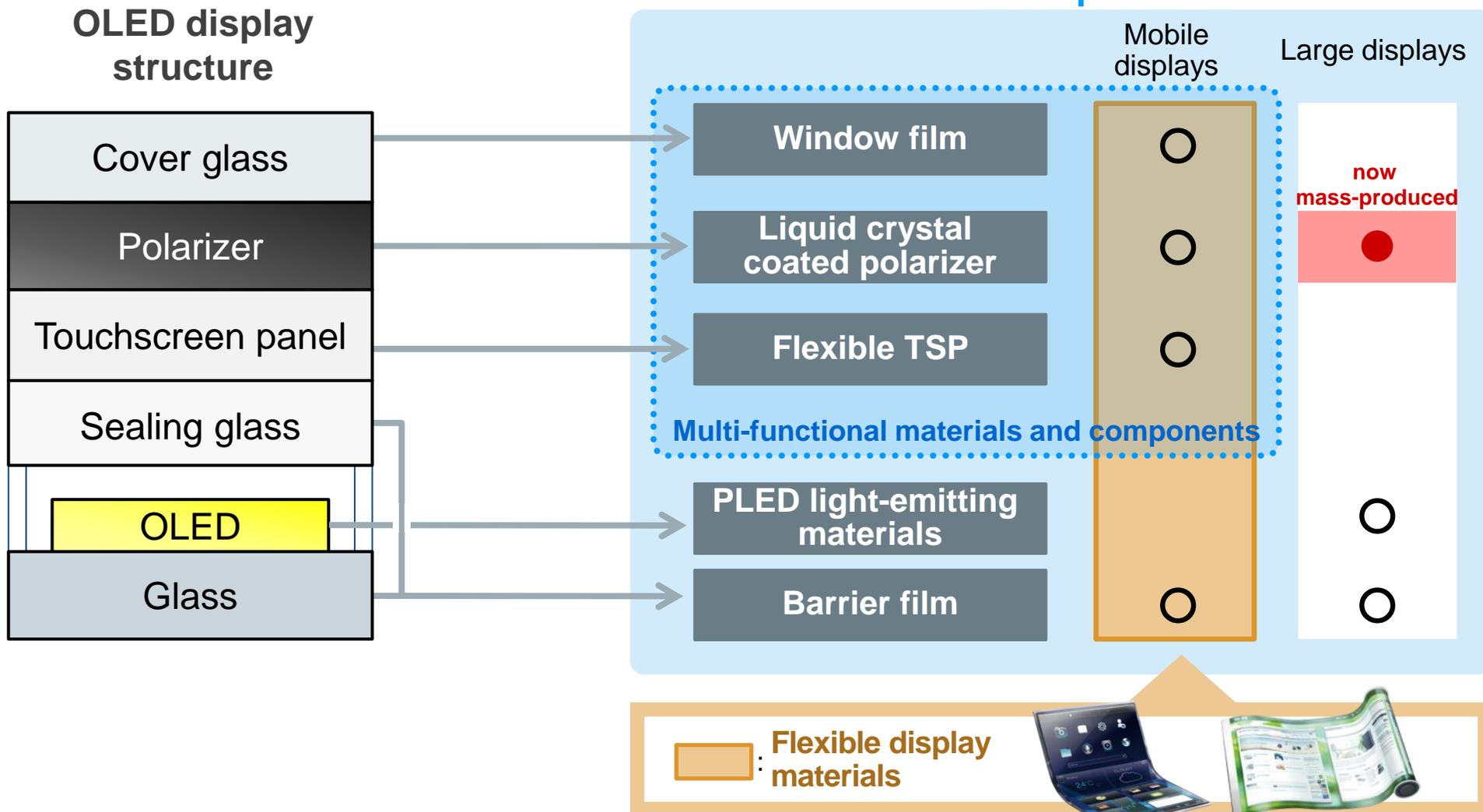


Meeting a broad range of customers needs and maintaining the top share in touchscreen panels

Current State of the OLED-related Materials Business

Sumitomo Chemical's OLED-related materials

SC's products



Semiconductor Technology Trends

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|-------------|------------------------|------|---------|------|
| DRAM Manufacturing Process | 25nm & 21nm | 21nm & 19nm | 17nm | 14/15nm | 12nm |
| Number of 3D-NAND Layers | >30 | >40 | >60 | >90 | |
| LSI Manufacturing Process | 10nm | 7nm | | <7nm | |

Ultra-miniaturization and greater number of layers for higher circuit integration



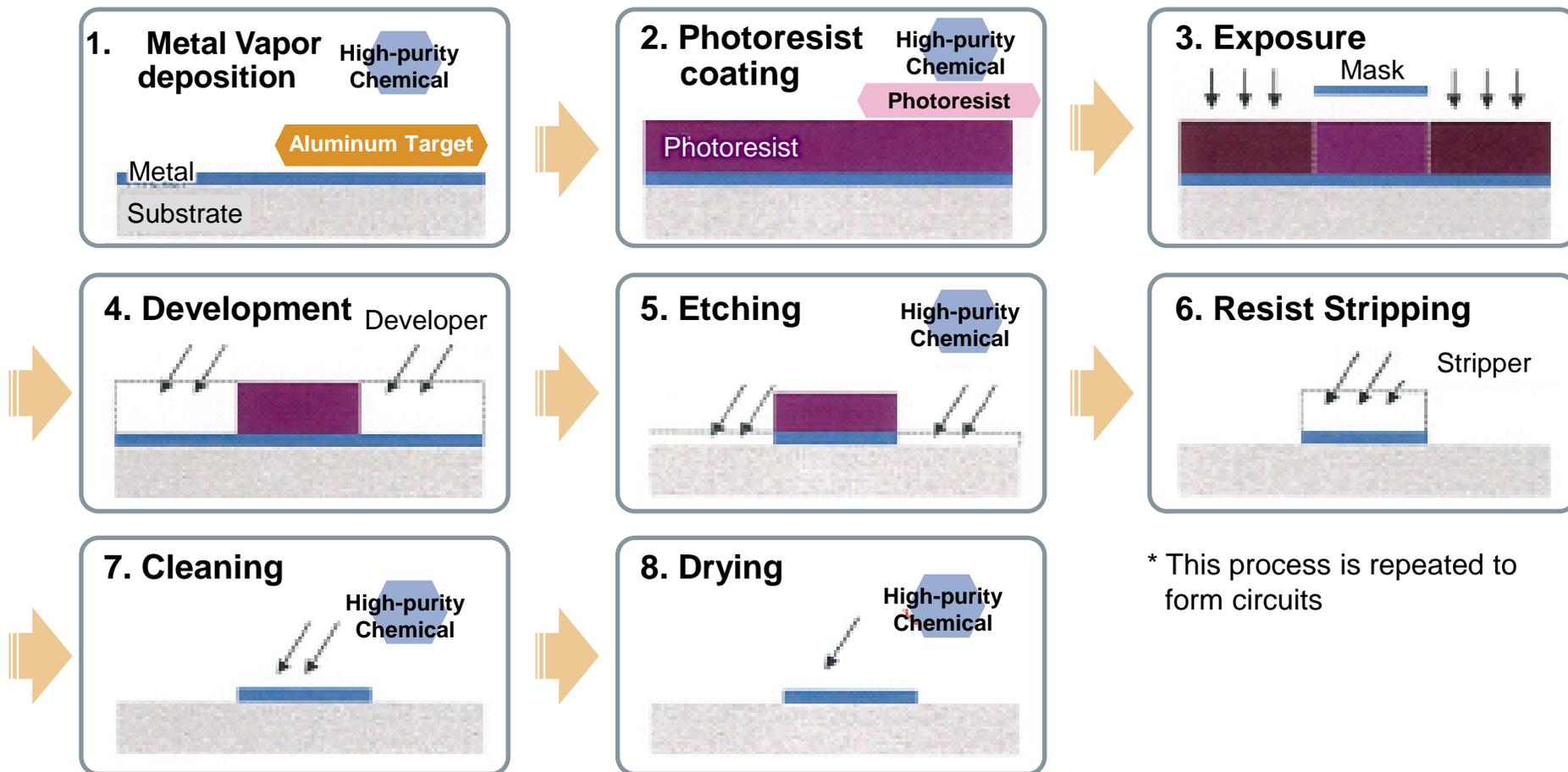
Trends in Semiconductor Materials Business

- Photoresists: Expanding share of immersion ArF in advanced markets
- High-purity chemicals: Accelerating demand for higher purity

Chemicals for Semiconductor Manufacturing

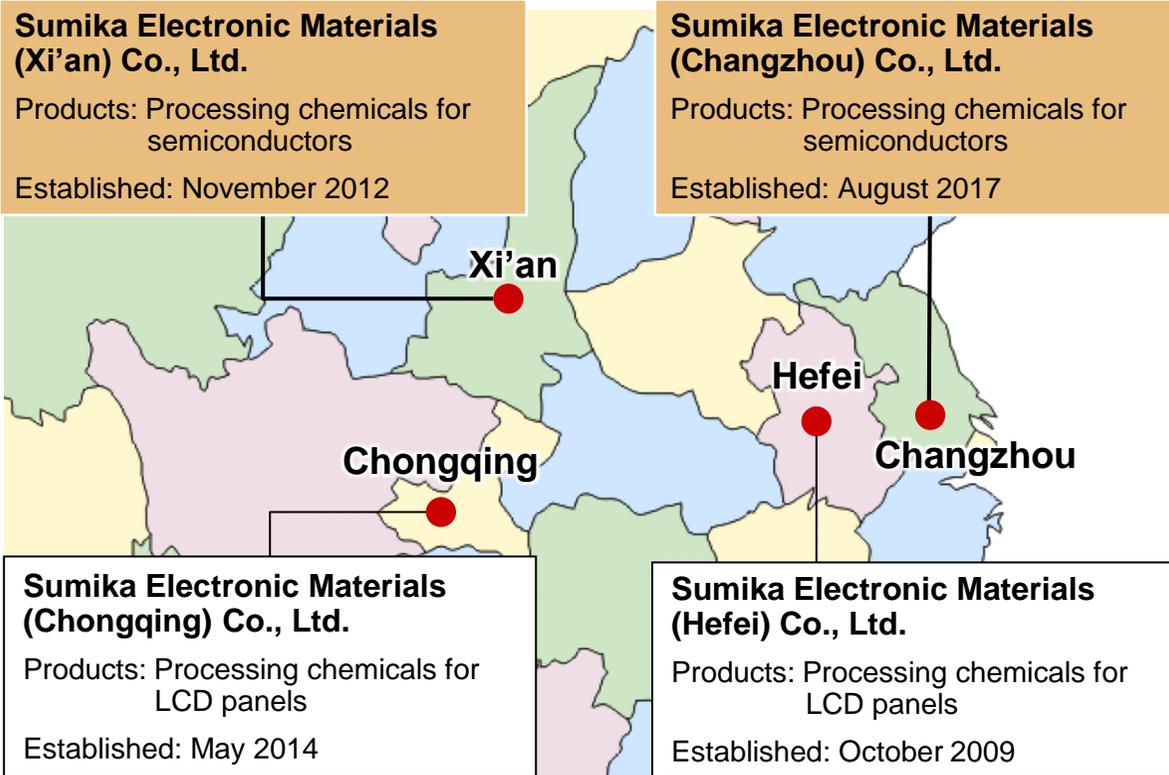



 : Sumitomo Chemical's Products



IT-related Chemicals:
Semiconductor Materials Business 1 – High Purity Chemicals for Semiconductor Manufacturing

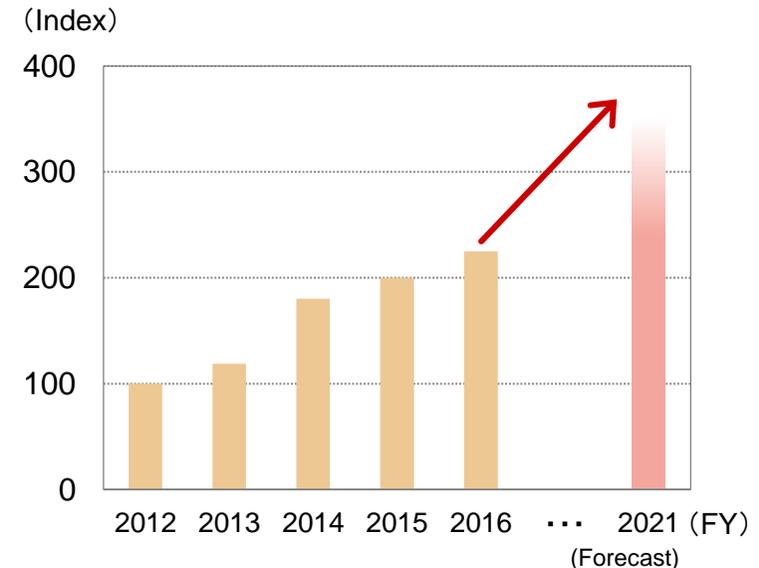
Processing Chemicals Manufacturing Locations in China



Locations

- Korea: Dongwoo Fine Chem
- Japan: Sumitomo Chemical Ehime Works
- China: Sumika Electronic Materials (Xi'an)
Considering capacity expansion
- Sumika Electronic Materials (Chongqing)
Decided to make an investment

Trends of Sumitomo Chemical's Sales



The LCD display market and the semiconductor market are expanding rapidly in China



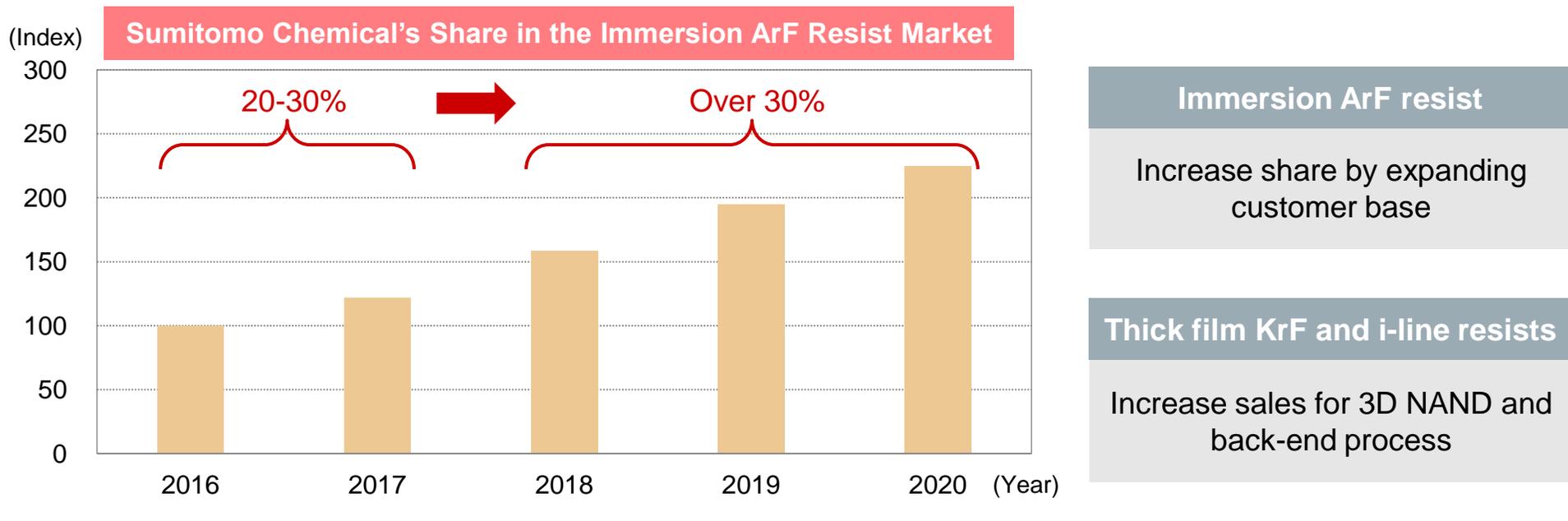
Penetrate into the Chinese market in a timely manner and increase sales

Semiconductor Materials Business 2 — Photoresists

Our Strengths

- Design and mass production technology for raw materials for high-performance photoresist
- Manufacturing, research and sales functions integrated at our Osaka Works, enabling timely customer response
- Good relations with leading semiconductor makers

Estimate for our immersion ArF, thick film KrF and i-line resists sales



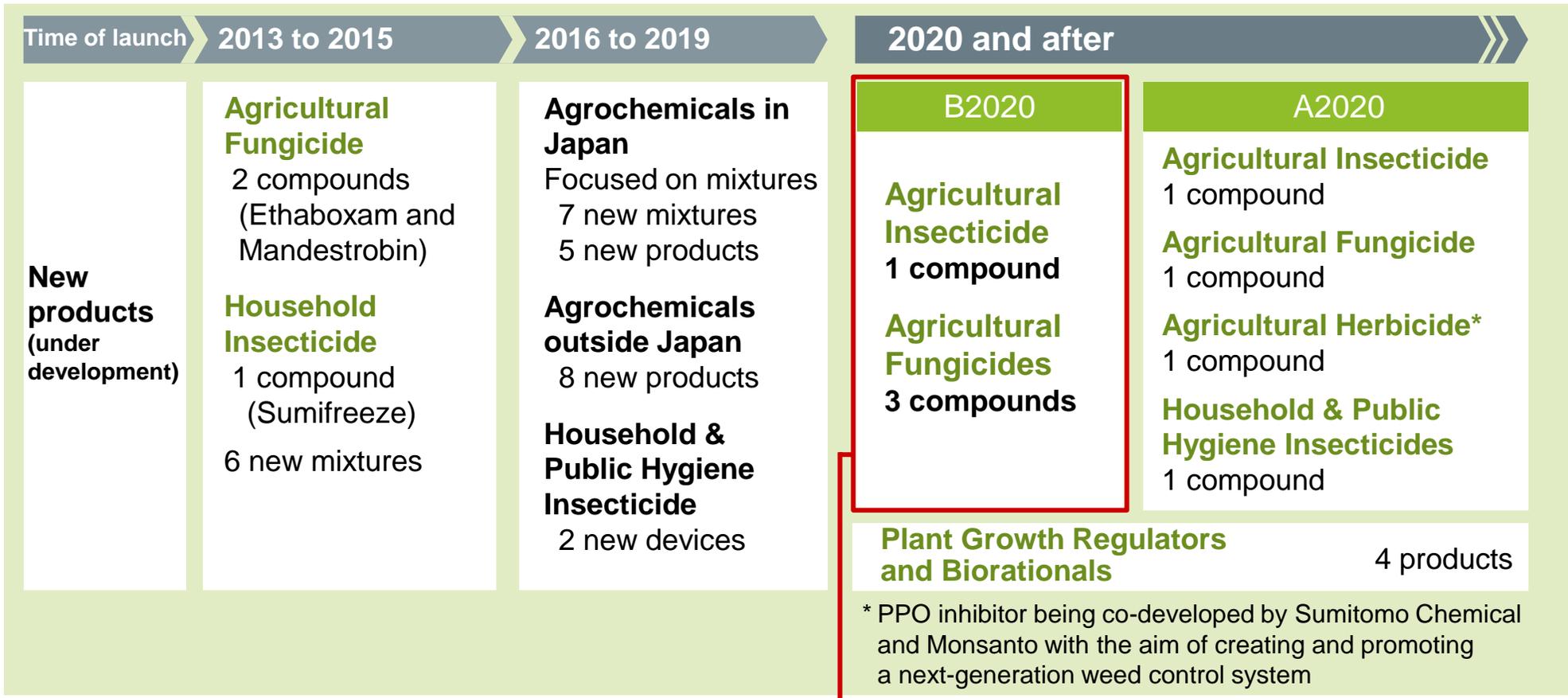
Expand business by leveraging our capability of responding to diverse needs of customers' processes

Business Strategy by Sector

- Petrochemicals & Plastics
- Energy & Functional Materials
- IT-related Chemicals
- **Health & Crop Sciences**
- Pharmaceuticals

Development and Launch of Next-Generation Blockbusters

Pipeline of New Crop Protection and Household and Public Hygiene Insecticide Products



Expected to grow into blockbusters

- Accelerating development—working to shorten the development period by up to one year
- Future consolidated sales of B2020 products estimated at **over ¥100 billion**

Development Progress for B2020 Fungicides

New Fungicides

Applications: Starting in 2018, in stages

Features:

1. Highly effective against major plant diseases
2. Also effective against strains resistant to existing fungicides



June 2017: Collaboration with BASF (Worldwide)

New Fungicides for Soybeans

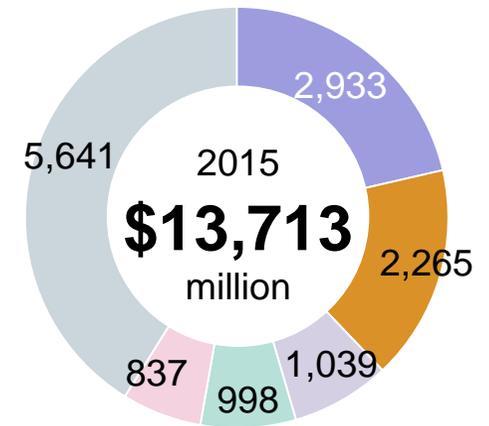
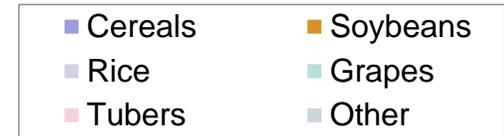
Applications: Starting in the end of 2017, in stages

Features: Highly effective against major diseases such as soybean rust



June 2017: Collaboration with Bayer (Brazil)

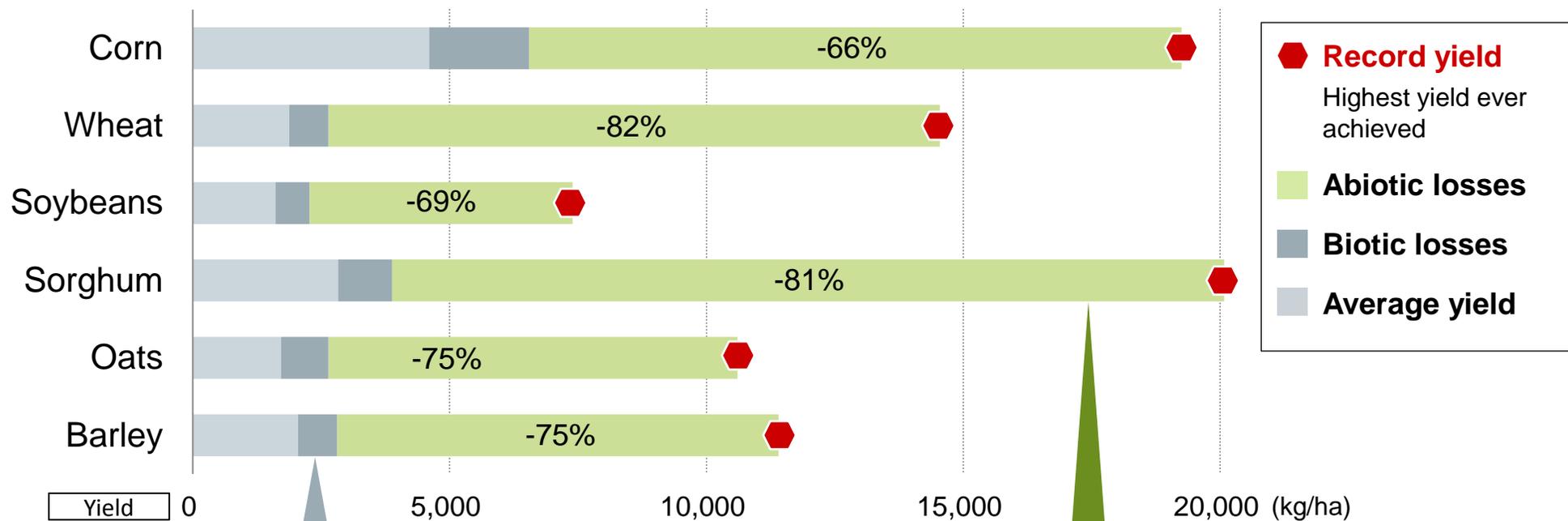
Global Fungicide Market



(Source) Phillips McDougall, Crop Section (Ex-Distributor)

Crop Stress Management

Crop Yield Loss Caused by Abiotic Stress



Biotic Losses

Loss of yield caused by diseases, insects, and weeds, even with crop protection chemicals used



Abiotic Losses

Loss of yield caused by high temperatures, drought, low temperatures, salinity, etc.



(Source) Buchanan, Grissein, Jones
 Biochemistry and Molecular Biology of Plants / American Society of Plant Physiologists, 2000

Expansion of Our Biorational Business

| Year | Event | Products | | |
|------|---|---|--|--|
| | | Microbial Pesticides | Microbial Agricultural Materials | Plant Growth Regulators |
| 2000 | Purchased biorational business from Abbot Laboratories | ○ | | ○ |
| 2014 | Began operation of the Osage plant | ○ | | ○ |
| 2015 | Purchased Mycorrhizal Applications | | ○ | |
| | Started integrated management of crop protection chemicals and biorationals | ○ | ○ | ○ |
| 2016 | Contracts signed with LidoChem and Rizobacter | | ○ | |
| 2017 | Purchased biorational business from Kyowa Hakko Bio | | | ● |
| | Established Biorational Research Center | ● | ● | ● |
| | | Pesticides using natural substances sourced from microorganisms | Organisms that help crops efficiently absorb water and nutrients in soil (mycorrhizal fungi, etc.) | Agrochemicals that contribute to improved crop quality and yield |

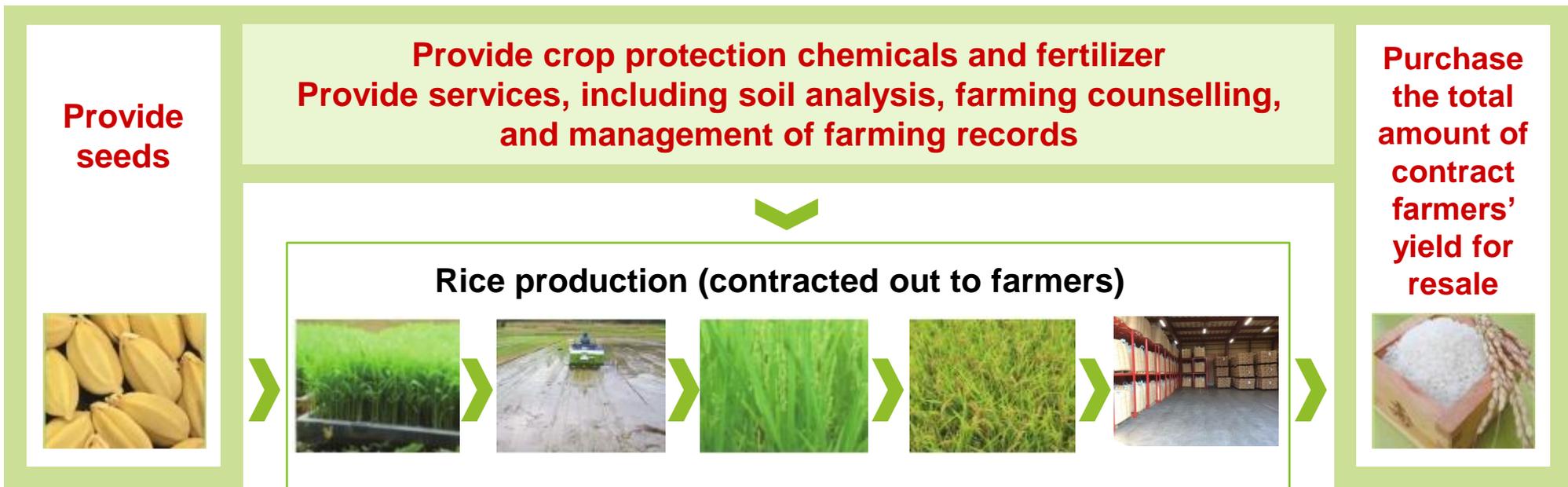
Sales for 2015: ¥25.0 billion



Toward ¥45.0 billion by 2020

Expansion of Our Rice Business

Overview of Our Rice Business

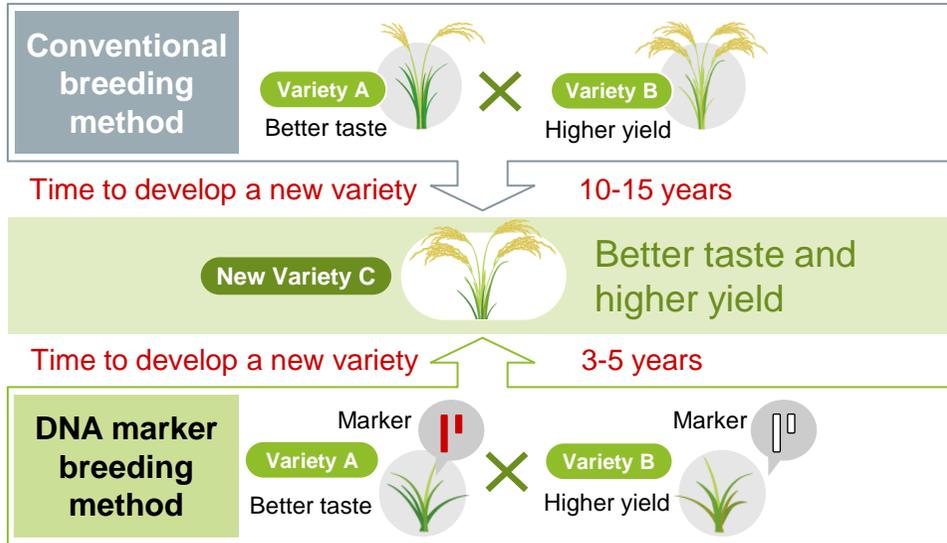


(Reference) Rice Business Production Volume Trends



Comprehensive Support for Rice Farmers

1. Develop and Provide New Varieties



2. Develop and Provide Pesticides and Fertilizers

Products that help increase rice productivity

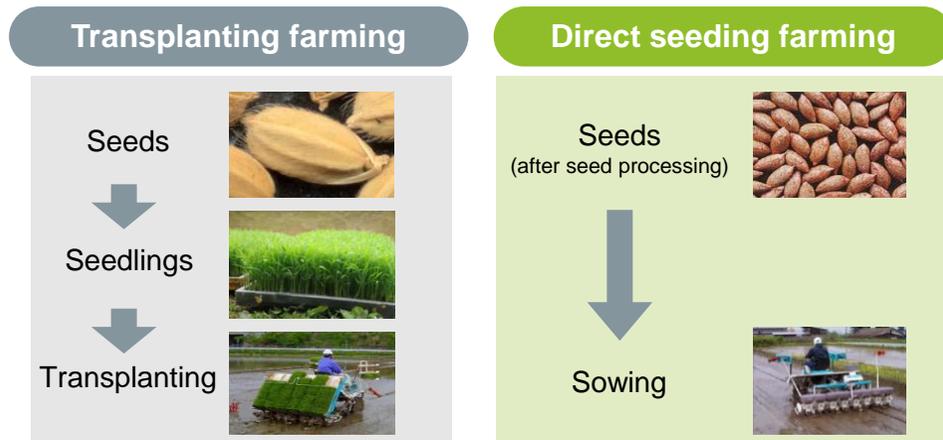


Osakini® Rice Paddy Herbicide for Use with Wet Direct Seeding or Sowing

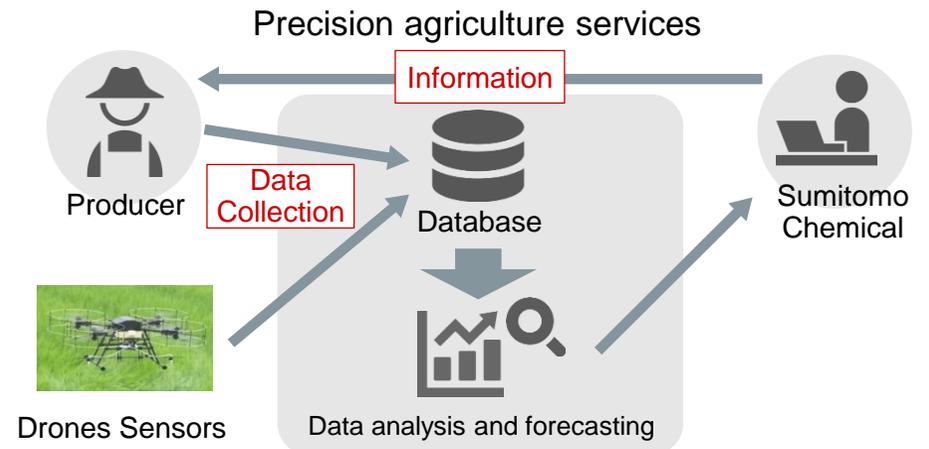


Rakuichi®, a one-shot basal fertilizer with lodging reducer for use in rice paddies

3. Support Direct Seeding Farming



4. Provide a Variety of Services



Acquisition of A Supplier of Pyrethrum-derived Insecticidal Compounds

Acquisition of Botanical Resources Australia

- Business: Production and sale of pyrethrins and others
- Location: Tasmania, Australia
- Acquired shares: 82.9%

Strengths of Botanical Resources Australia

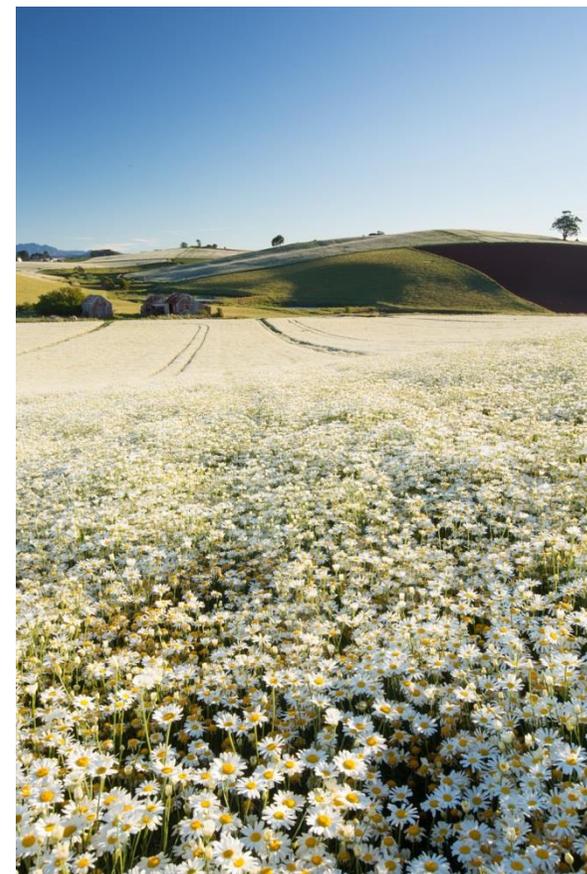


Acquisition of production bases in areas with different climate conditions



Establish stable supply capability

Pyrethrum cultivated by the BRA Group



Business Strategy by Sector

- Petrochemicals & Plastics
- Energy & Functional Materials
- IT-related Chemicals
- Health & Crop Sciences
- **Pharmaceuticals**

Initiatives to Address Post-LATUDA Patent Cliff

Efforts to Strengthen Our Pipeline

| Elevation Pharmaceuticals | |
|---------------------------|--|
| Indication | Chronic Obstructive Pulmonary Disease (COPD) |
| Features | Administered by nebulizer |
| Acquisition | 2012 |
| Purchase Price | Up to \$400 million |
| Launch Planned | FY2017 |
| Peak Sales (Target) | On the order of ¥50.0 billion |

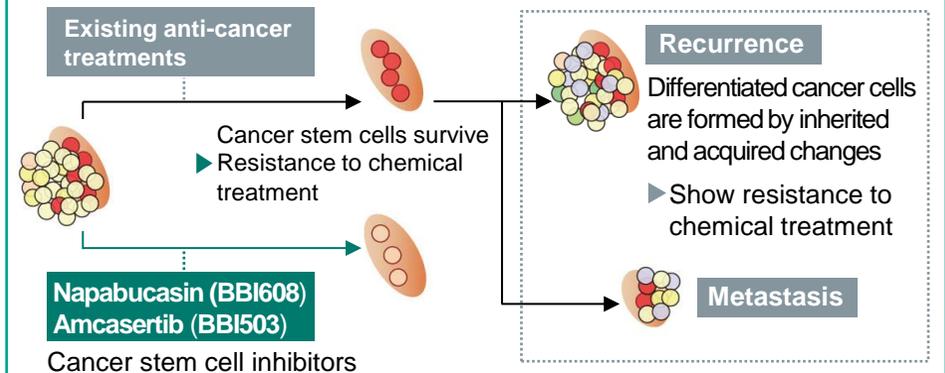
| Boston Biomedical | |
|---------------------|--------------------------------|
| Indication | Cancer |
| Features | Cancer stem cell inhibitor |
| Acquisition | 2012 |
| Purchase Price | Up to \$2,630 million |
| Launch Planned | FY2020-2022 |
| Peak Sales (Target) | On the order of ¥100.0 billion |

SUN-101/eFlow[®] Electronic Nebulizer



Excellent portability; designed to deliver medicine to the affected area in 2-3 minutes, as compared with 10 minutes for standard spray-type nebulizers

Summary of the Mechanism of Action of Napabucasin (BBI608)/ Amcasertib (BBI503)



Initiatives to Address Post-LATUDA Patent Cliff

Efforts to Strengthen Our Pipeline

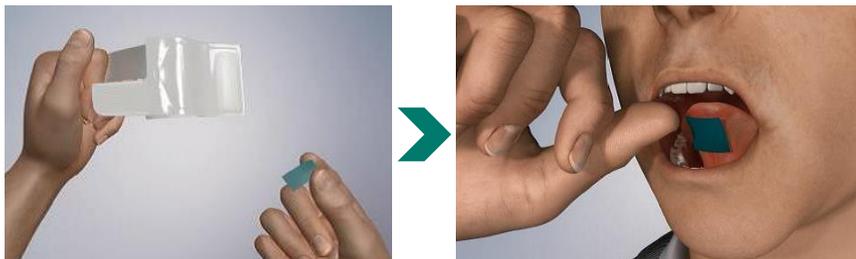
Cynapsus Therapeutics

| | |
|---------------------|---------------------------------------|
| Indication | “Off” episodes of Parkinson’s Disease |
| Features | Sublingual thin film |
| Acquisition | 2016 |
| Purchase Price | Up to \$635 million |
| Launch Planned | FY2018 |
| Peak Sales (Target) | On the order of ¥50.0 billion |

Tolero Pharmaceuticals

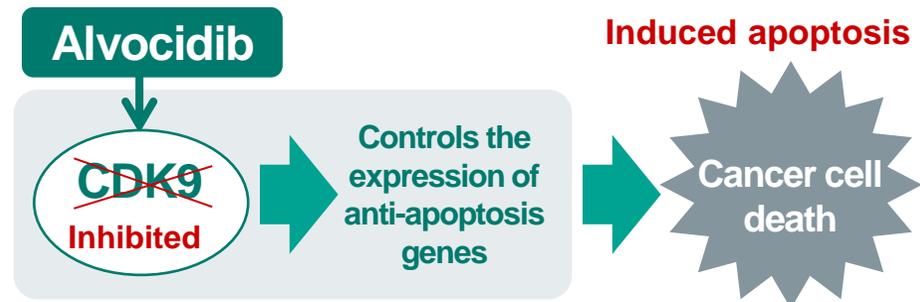
| | |
|---------------------|-------------------------------|
| Indication | Cancer |
| Features | CDK9* inhibitor |
| Acquisition | 2017 |
| Purchase Price | Up to \$780 million |
| Launch Planned | FY2019 |
| Peak Sales (Target) | On the order of ¥50.0 billion |

Administration of APL-130277



The sublingual film delivery system allows easier administration than existing subcutaneous injection systems.

Summary of Alvocidib’s mechanism of action



Apoptosis: death of an unnecessary or harmful cell following a program determined by genes within the cell

* Cyclin-dependent kinase 9

Regenerative Medicine and Cell Therapy

Regenerative Medicine and Cell Therapy Development Plan

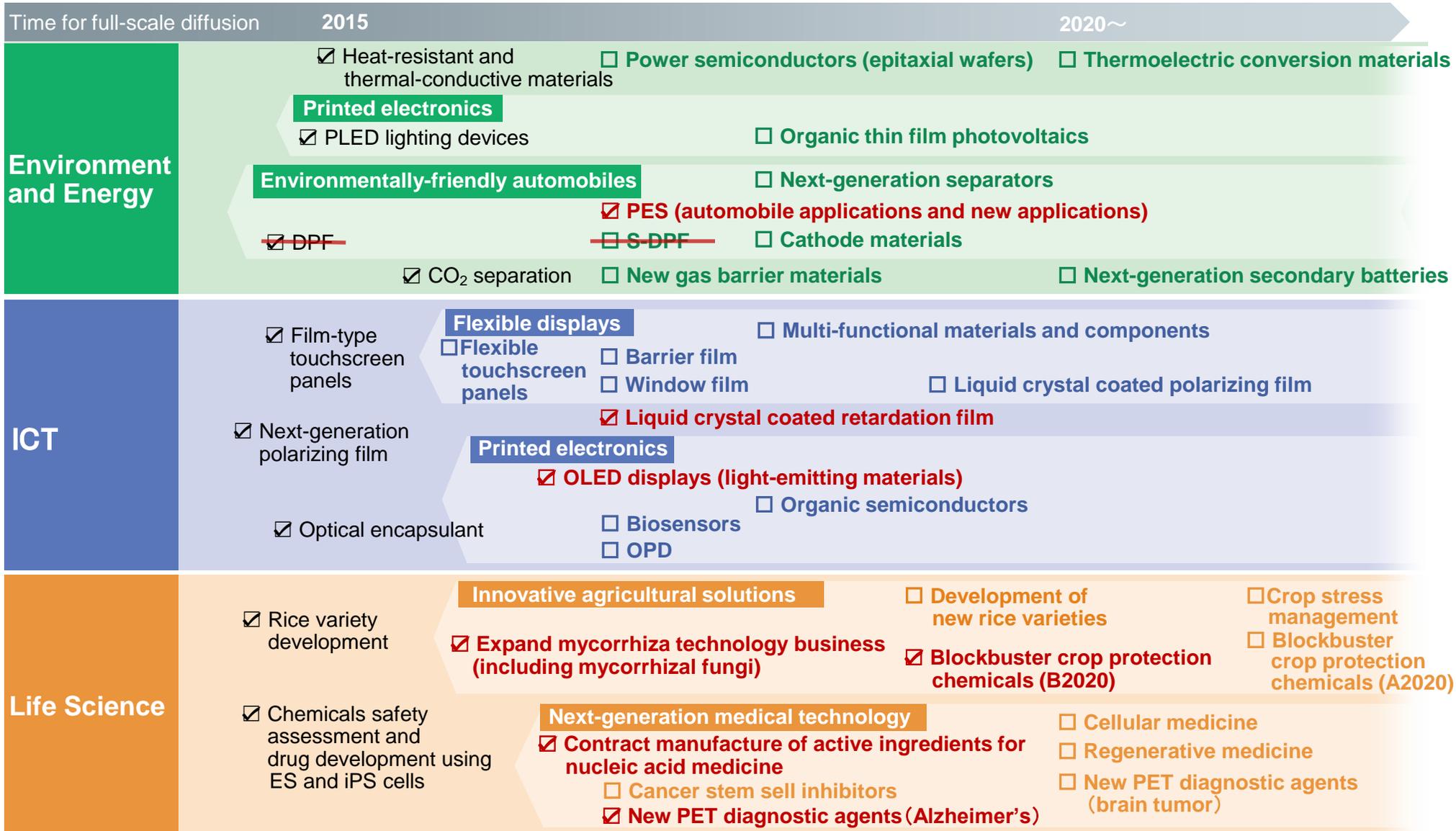
| | Partnering | Region (planned) | Cell type | Development schedule (calendar year) | | | | |
|---|--|------------------|---------------------|--------------------------------------|---|--------|-----------------|-----------------|
| | | | | 2017 | 2018 | 2019 | 2020~22 | |
| Chronic stroke (SB623) | SanBio | North America | Allogeneic MSC | Ph-IIb | | | Approval target | |
| | | | | | | Ph-III | | |
| Age-related macular degeneration | Healios RIKEN | Japan | Allogeneic iPS cell | Clinical research | Investigator or corporate initiated clinical trial* | | | Approval target |
| Parkinson's disease | Kyoto University CiRA | Global | Allogeneic iPS cell | | Investigator initiated clinical trial | | | |
| Retinitis pigmentosa | RIKEN | Global | Allogeneic iPS cell | | Clinical research | | | |
| Spinal cord injury | Keio University Osaka National Hospital | Global | Allogeneic iPS cell | | Clinical research | | | |

* Start of clinical trial, originally scheduled for 2017, is expected to be delayed due to changes in non-clinical study plans.

Planning to start the operation of cell processing center in FY2017

Initiatives for Maintaining Sustained Growth

Initiatives for Maintaining Sustained Growth: Accelerate the Launch of Next-generation Businesses



✓: Next-generation businesses that have been launched or are to be launched soon.

✗: Next-generation businesses that have been launched or are to be launched soon during this Corporate Business Plan.

Initiatives for Maintaining Sustained Growth: Technological Revolution in Biotechnology

Green Bio
(Food and plant-related)



White Bio
(Industry and energy-related)



Blue Bio
(Ocean-related)



Applicable fields for biotechnology

Grey Bio
(Environment-related)



Red Bio
(Medical and health-related)



Technological revolution in biotechnology

Advance of IT/AI Technology

Reduced cost and time for genome sequencing

The advent of genome editing technologies

Fusion of Biotechnology and Digital Technology



Maximal Utilization of Biological Functions

Initiatives for Maintaining Sustained Growth: Expansion of Healthcare Businesses

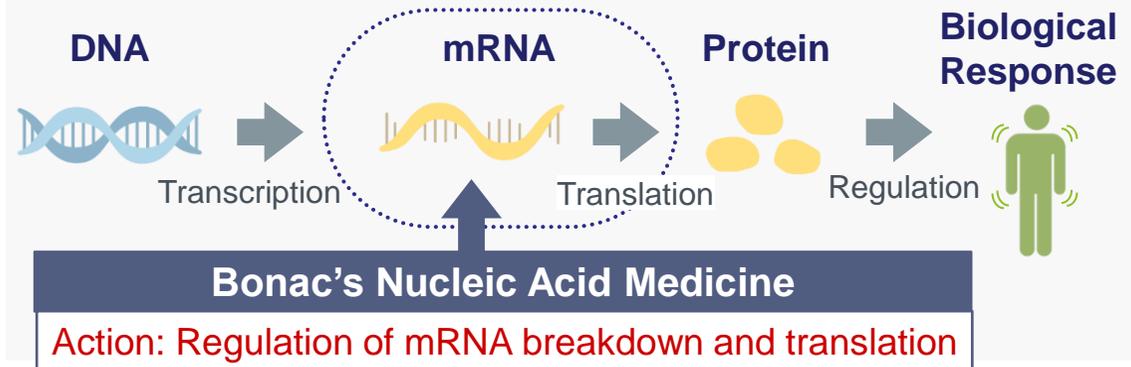
Red Bio

Nucleic Acid Medicine

Summary of Further Investment in Bonac

- Amount: Approx. 4.0 billion yen
- Percentage: 19.55% (after this investment)
- Completion: September 25, 2017

How Bonac's Nucleic Acid Medicine Works



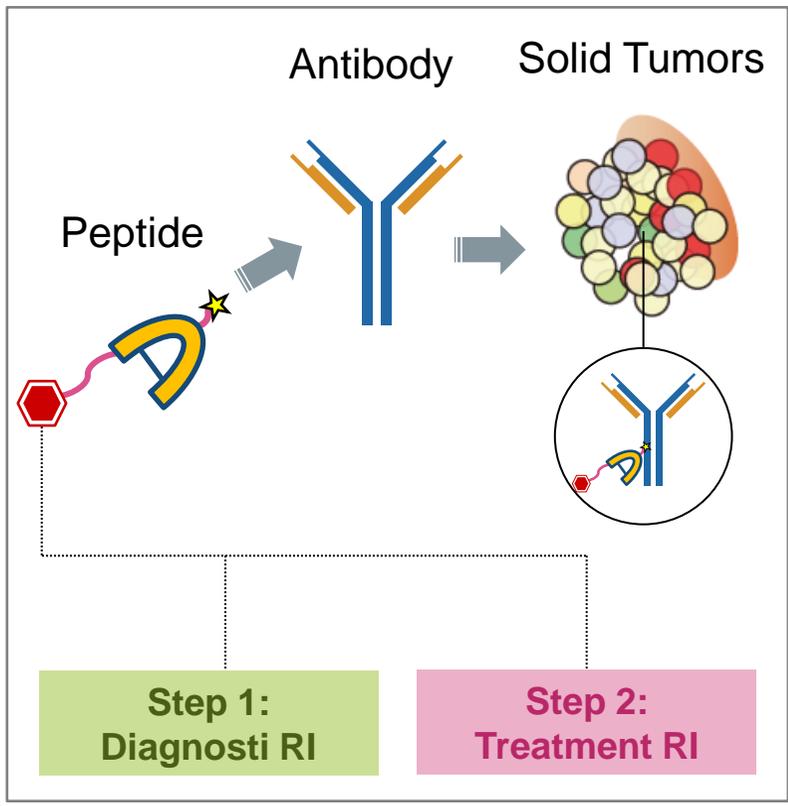
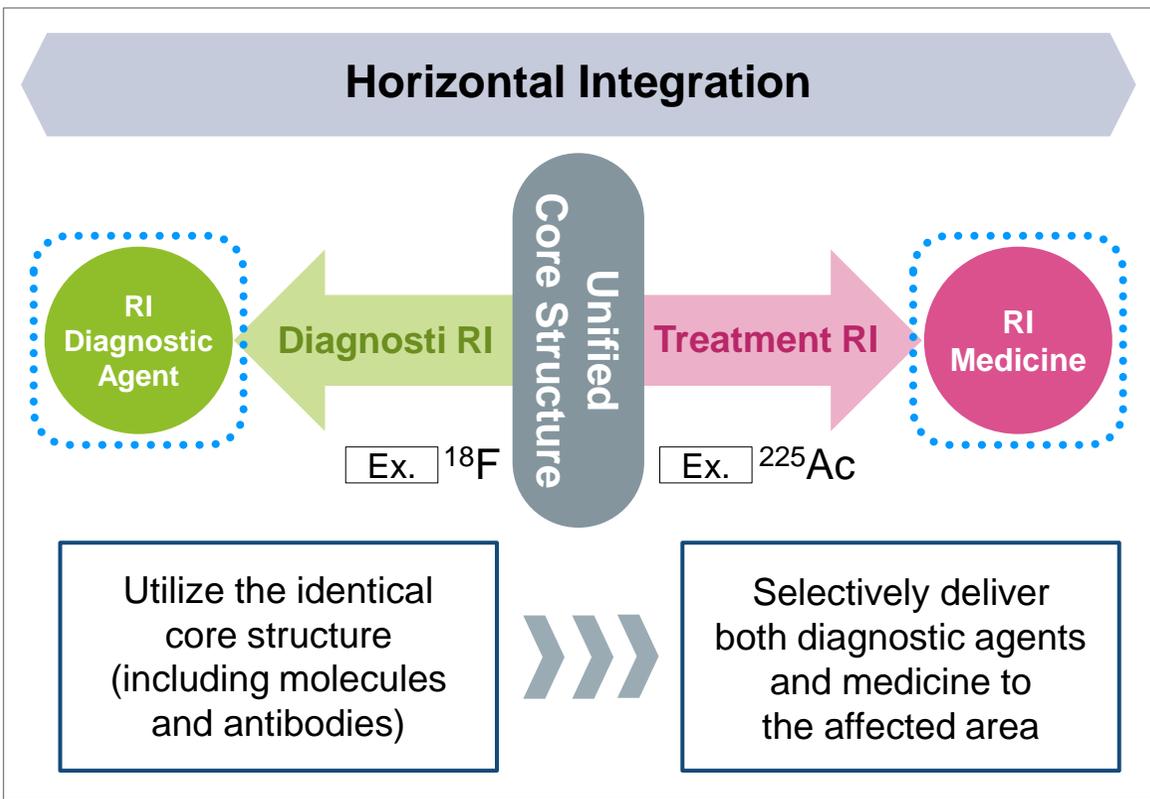
Synergies Expected within the Sumitomo Chemical Group

| | Discovery | Pre-Clinical | Clinical Trials | Launch |
|----------------------------------|---|---|--------------------------------|--------|
| Bonac | Discovery and licensing of nucleic acid medicine candidates | | | |
| Sumitomo Chemical | Active pharmaceutical ingredient manufacturing and sales | | | |
| Nihon Medi-Physics | | Clinical support (in-vivo pharmacokinetic analysis) | | |
| Sumitomo Dainippon Pharma | | | Clinical development and sales | |

Initiatives for Maintaining Sustained Growth: Expansion of Healthcare Businesses

Red Bio

Theranostics

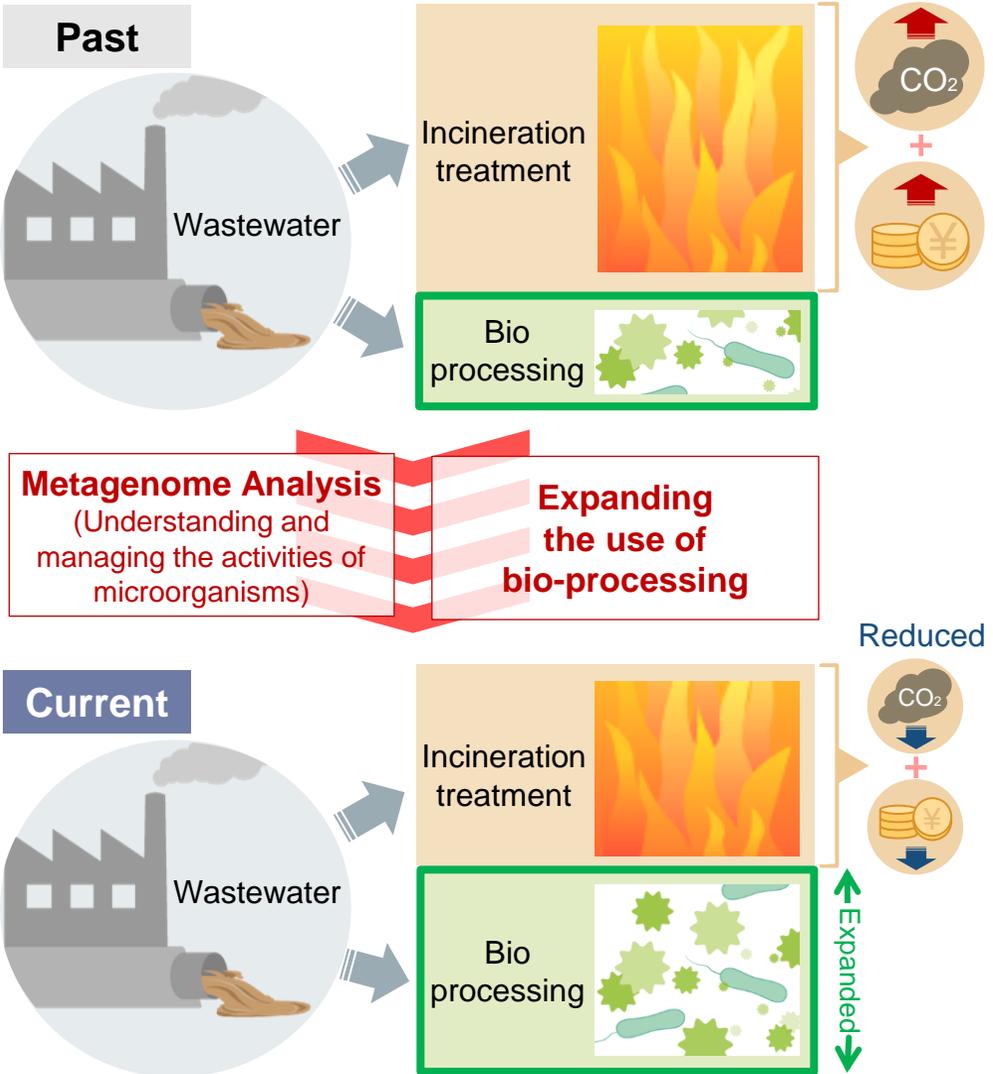


Scope of Nihon Medi-Physics' business

Initiatives for Maintaining Sustained Growth: Applications of Biotechnology

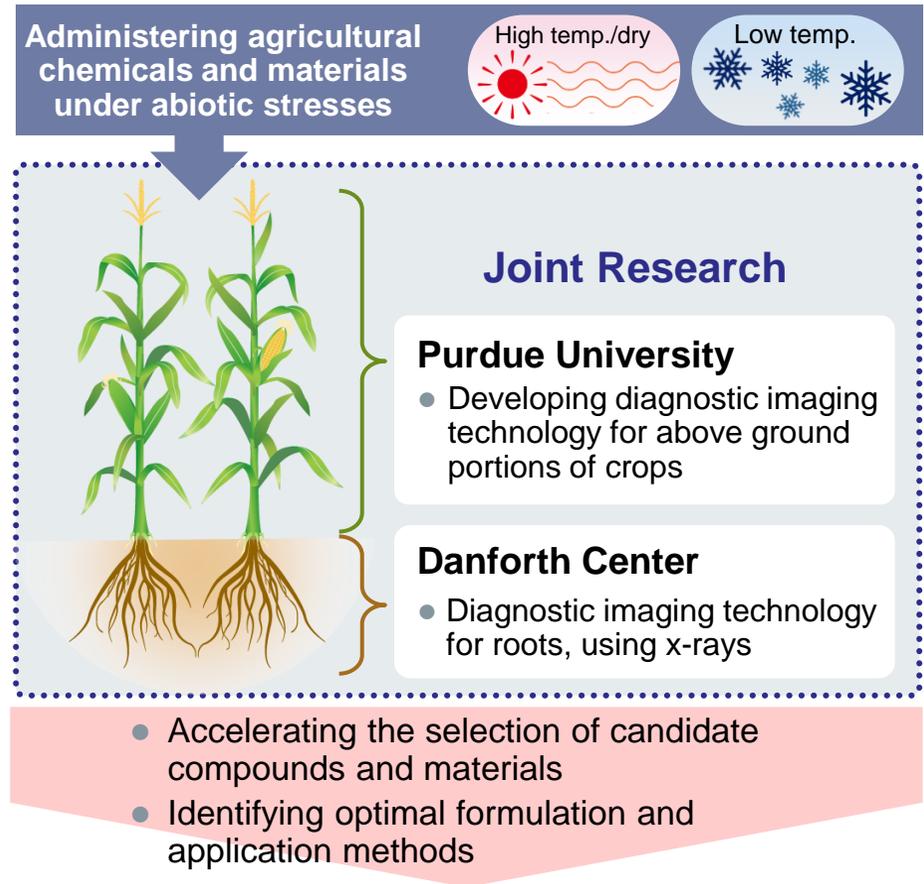
Grey Bio

Advancing Wastewater Bio-Processing



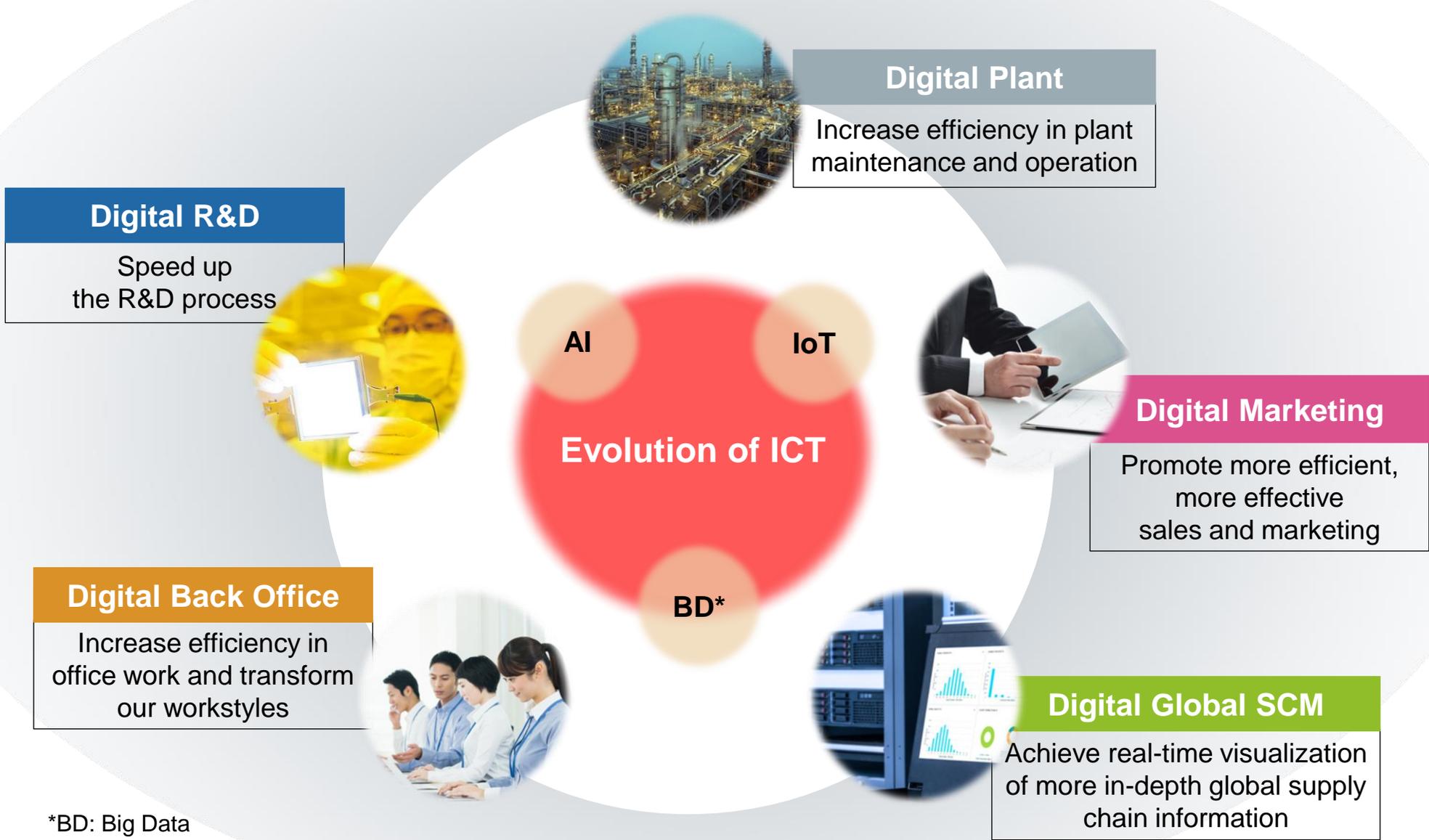
Green Bio

Development of Plant Phenotyping Technology



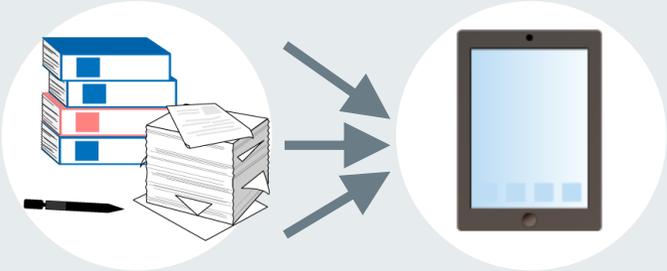
Accelerating the development of agricultural chemicals and materials that effectively promote crop growth in a stressful environment

Initiatives for Maintaining Sustained Growth: IoT Project



*BD: Big Data

Initiatives for Maintaining Sustained Growth: Digital Plant

| Current Status | Policies | Expected and Actual Results |
|-----------------|---|---|
| <p>Deployed</p> | <ul style="list-style-type: none"> • Digitalization of maintenance records  | <ul style="list-style-type: none"> • Increased efficiency in maintenance work • Improved accuracy of maintenance records • Increased quality of maintenance work  |
| | <ul style="list-style-type: none"> • Building optimal models for facilities operation | <ul style="list-style-type: none"> • Increased energy efficiency (reduced environmental burden) |
| | <ul style="list-style-type: none"> • Building predictive models for facilities life | <ul style="list-style-type: none"> • Facilities renewed at appropriate times |
| | <ul style="list-style-type: none"> • Building predictive models for product quality | <ul style="list-style-type: none"> • Appropriate preventative maintenance measures (stable product quality) |

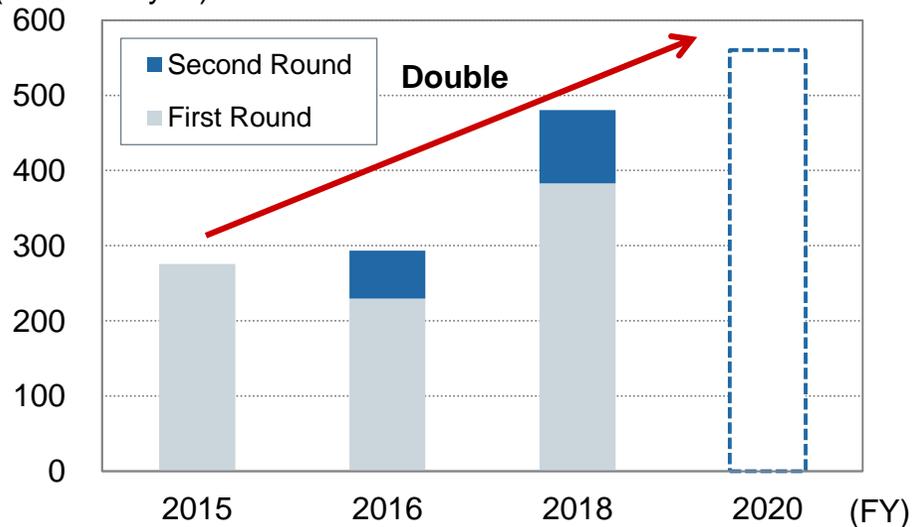
Increased efficiency in plant maintenance and operation using IoT technology

Initiatives for Maintaining Sustained Growth: Promoting the Spread of Environmentally Friendly Products and Climate Change Countermeasures

Sumika Sustainable Solutions

Sales of Designated Products and Technologies

(Billions of yen)



(Reference)

Contribution to reductions of greenhouse gas emissions:
approx. 53 million tons (CO₂ equivalent, projected value)
by FY2020

Recommendations on Climate-related Disclosures

Sumitomo Chemical has signed the Recommendations on Climate-related Financial Disclosures, published by TCFD.*

Date: June 2017

Participating Companies:

Sumitomo Chemical and Kokusai Kogyo from Japan; about 100 companies from around the world.



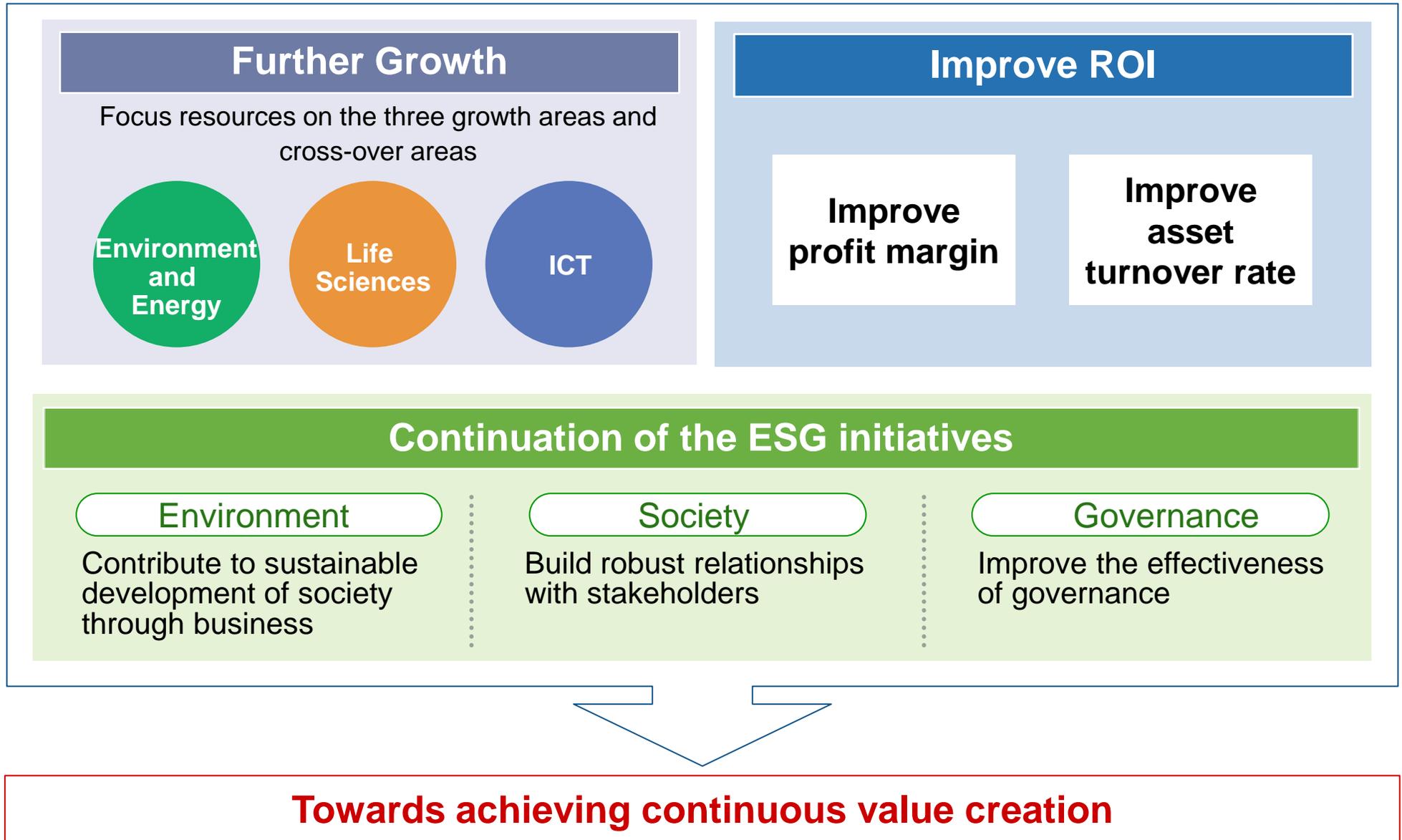
* TCFD: Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board

Promote the development and spread of environmentally friendly products, while also enhancing information disclosure

Conclusion



Sumitomo Chemical's Value Creation



What Sumitomo Chemical Strives To Be

Business Philosophy

- ◆ Commit ourselves to creating new value by building on innovation
- ◆ Work to contribute to society through our business activities
- ◆ Develop a vibrant corporate culture and continue to be a company that society can trust

Core Competence

Capabilities to develop innovative solutions by leveraging its technological expertise in diverse areas

Capabilities to reach global markets

Loyal employees



Challenges & Business Opportunities

Solve issues facing society

- Environment
- Food
- Resources and energy

Improve quality of life and build an affluent and comfortable society

- Health promotion
- Comfortable life



Achieve sustained growth by creating new value through innovative technologies

Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.