

# Current Management Priority Issues and Business Strategy

 SUMITOMO CHEMICAL

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**President**

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Change  
and  
Innovation

- 1. Overview of FY2013 Performance and FY2014 Outlook**
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- 3. Progress on Corporate Business Plan**
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    - ② Restructure Bulk Chemicals Business**
  - (2) Enhance Financial Strength**
  - (3) Develop Next-Generation Businesses**
- 4. Shareholder Return**

# Overview of FY2013 Performance and FY2014 Outlook



# FY2013 Results

(Billions of yen)

	FY2012	FY2013	Change
<b>Sales</b>	1,952.5	2,243.8	+291.3
<b>Operating Income</b>	45.0	100.8	+55.8
<b>(Equity in Earnings of Affiliates)</b>	5.4	12.0	+6.6
<b>Ordinary Income</b>	50.3	111.1	+60.9
<b>Net Income</b>	-51.1	37.0	+88.1
<b>Naphtha Price</b>	¥57,500/kl	¥67,300/kl	
<b>Exchange Rate</b>	¥82.91/\$	¥100.17/\$	

# Outlook for FY2014

(Billions of yen)

	FY2013	FY2014 (Forecast)	Change
<b>Sales</b>	2,243.8	2,320.0	+76.2
<b>Operating Income</b>	100.8	105.0	+4.2
<b>(Equity in Earnings of Affiliates)</b>	12.0	23.0	+11.0
<b>Ordinary Income</b>	111.1	120.0	+8.9
<b>Net Income</b>	37.0	45.0	+8.0
<b>Naphtha Price</b>	¥67,300/kl	¥70,000/kl	
<b>Exchange Rate</b>	¥100.17/\$	¥100.00/\$	

# Operating Income by Sector

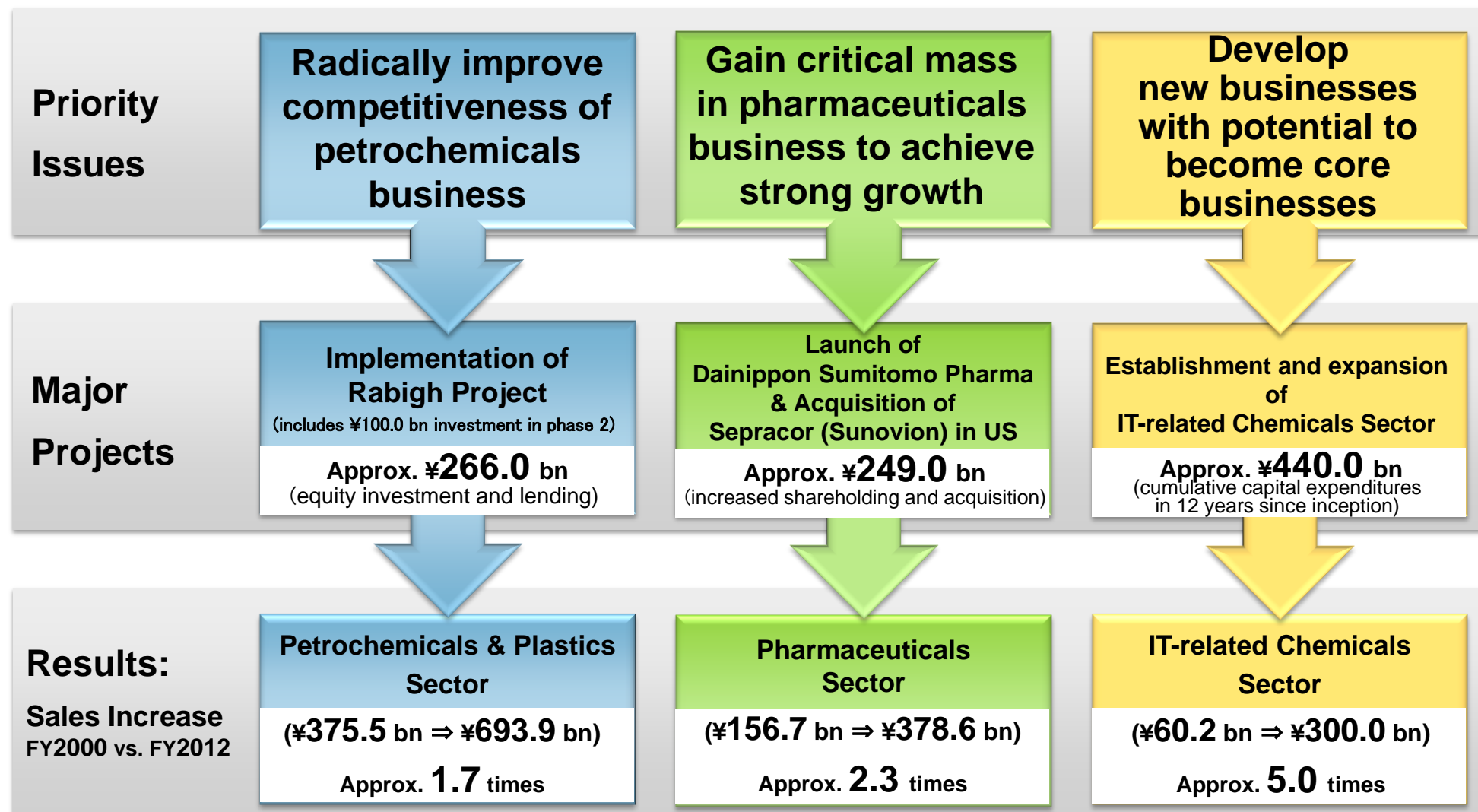
(Billions of yen)

	FY2012	FY2013	FY2014 (Forecast)
<b>Specialty Chemicals</b>	68.8	120.2	108.0
IT-related Chemicals	11.7	34.9	37.0
Health & Crop Sciences	26.3	38.2	45.0
Pharmaceuticals	30.9	47.1	26.0
<b>Bulk Chemicals</b>	-9.6	-5.9	4.0
Basic Chemicals	-6.4	-10.9	-6.0
Petrochemicals & Plastics	-3.2	4.9	10.0
Others	-14.2	-13.4	-7.0
<b>Total</b>	45.0	100.8	105.0

# Overview of Corporate Business Plan FY2013 - FY2015

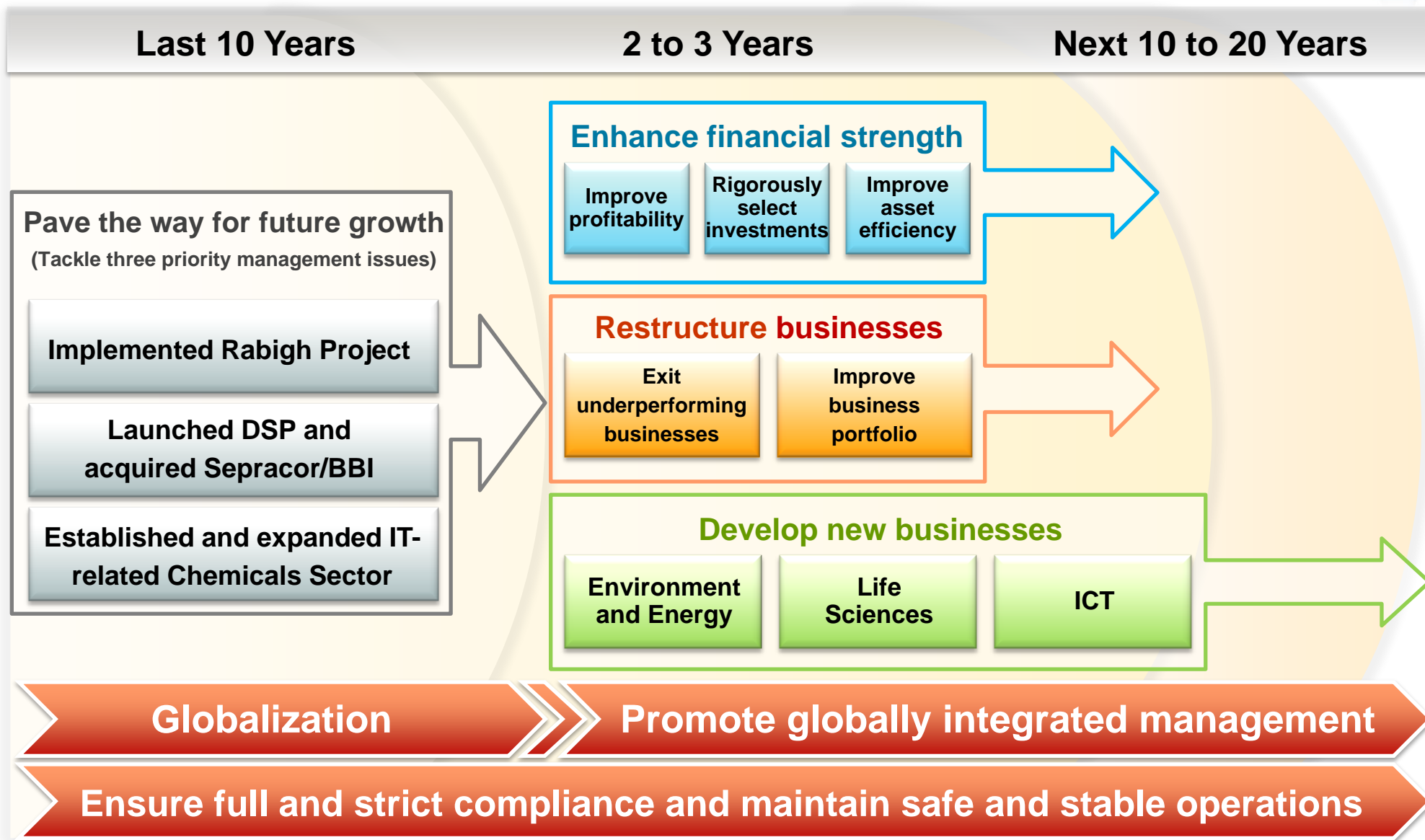


# Priority Management Issues & Business Strategy Since the Beginning of the Century





# Where We Have Been Heading



## Targets for FY2015

<b>Sales</b>	¥2,400 Billion
<b>Operating Income</b>	¥140 Billion
<b>Ordinary Income</b>	¥150 Billion
<b>(Equity in Earnings of Affiliates)</b>	¥25 Billion
<b>Net Income</b>	¥90 Billion
<b>Interest-Bearing Liabilities</b>	Below ¥900 Billion
<b>【Assumptions】</b>	
<b>Exchange Rate</b>	¥80/\$US
<b>Naphtha Price</b>	¥60,000 /kl

# Cash Flow Targets

	FY2010 – FY2012 Corporate Business Plan	FY2013 – FY2015 Corporate Business Plan (Target)
<b>Cash flows from operating activities</b>	¥472.3 billion	¥540 billion
<b>Cash flows from investing activities</b>	- ¥445.7 billion	Below - ¥400 billion
<b>Free cash flows</b>	¥26.6 billion	<sup>*1</sup> Over ¥200 billion

Note \*1: Includes decreases in cash and cash equivalents

	End of FY2012	End of FY2015 (Target)
<b>Interest-bearing liabilities</b>	¥1,060.6 billion	Below ¥900 billion

# Progress on Corporate Business Plan



# Restructure Businesses



**Expand  
specialty chemicals  
business**

**Restructure  
bulk chemicals  
business**



**Improve business portfolio**

## Features and advantages

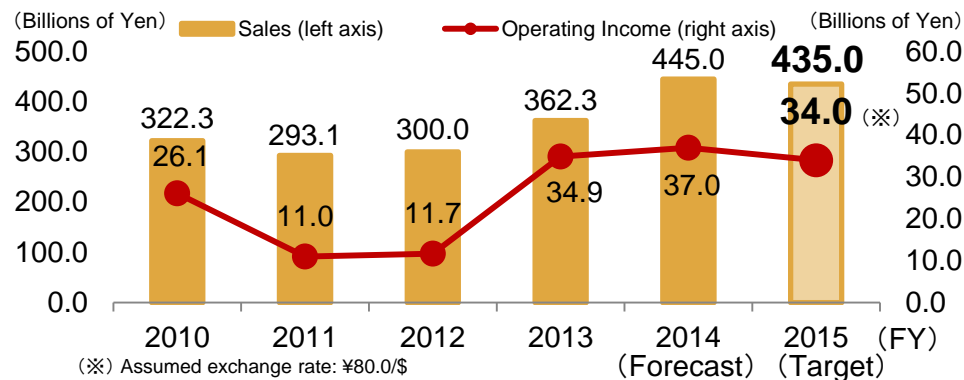
- Major products: display materials
- Swiftly meeting customer needs\*

\*Established production, sales and research bases in major customers' locations, such as South Korea and Taiwan

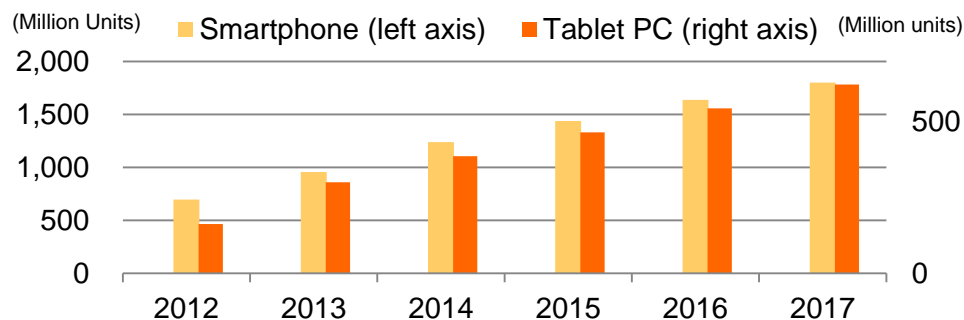
## Future growth drivers

- Increase in sales of polarizing films and touchscreen panels
- Cost reduction of polarizing films for televisions
- Development and launch of next-generation flexible panel materials and components

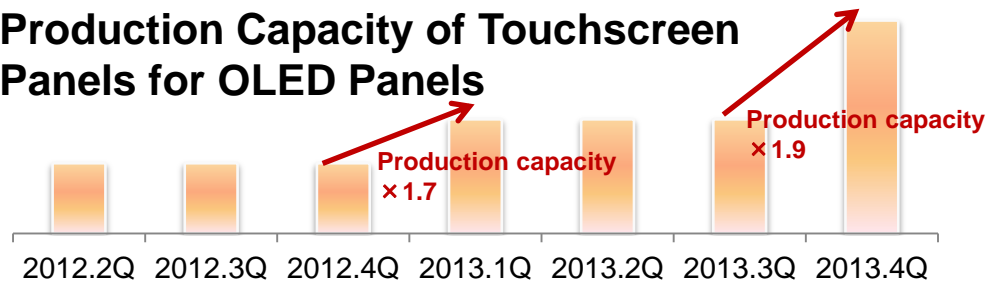
## Trends in Sales and Operating Income



## Smartphone and Tablet PC Demand



## Production Capacity of Touchscreen Panels for OLED Panels



Business area	Progress	Next steps
<b>Polarizing films</b>	<ul style="list-style-type: none"> <li>✓ Expanded small and medium-sized polarizing film production capacity</li> <li>✓ Next-generation polarizing films: achieved substantial progress in development and completed preparations for commercial production</li> <li>✓ Increased share in polarizing films used in smartphones</li> <li>✓ Started mass production of a new polarizing film that replaces a protection film (modified existing production facilities to manufacture the new film)</li> </ul>	<ul style="list-style-type: none"> <li>□ Mass-produce next-generation polarizing films</li> <li>□ Expand share in polarizing films used in tablet PCs</li> <li>□ Promote the new polarizing film that replaces a protection film</li> </ul>
<b>Touch sensors</b>	<ul style="list-style-type: none"> <li>✓ Increased on-cell touch sensor production capacity</li> <li>✓ Built manufacturing plant for cover-glass integrated touch sensors</li> </ul>	<ul style="list-style-type: none"> <li>□ Promote on-cell touch sensor sales</li> <li>□ Mass-produce cover glass-integrated touch sensors</li> <li>□ Develop and launch film touch sensors</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>✓ Expanded production capacity for heat-resistant separators</li> </ul>	<ul style="list-style-type: none"> <li>□ Further expand production capacity for heat-resistant separators</li> <li>□ Develop and commercialize flexible display components and materials</li> </ul>



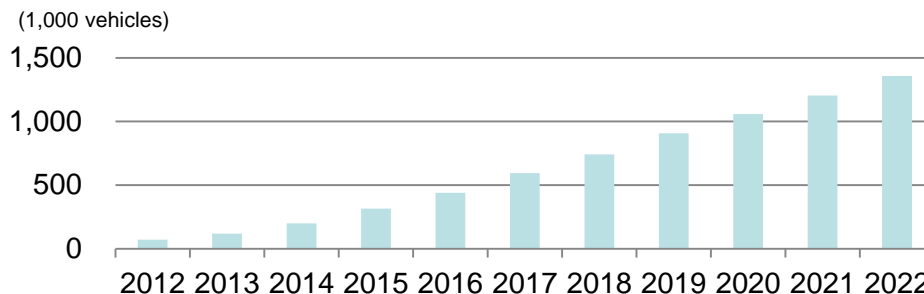
# Expand Lithium-ion Secondary Battery Separator Business

## Features and advantages

- Separator with increased high heat resistance\*
- Demand is growing for use in EVs

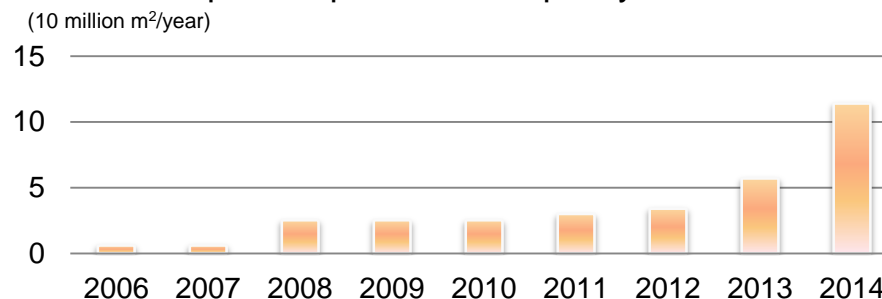
\*Heat resistance separator made of a polyolefin base laminated with an aramid layer or a ceramic (high-purity alumina) layer, helping to improve safety of batteries

## Reference: EV market forecast



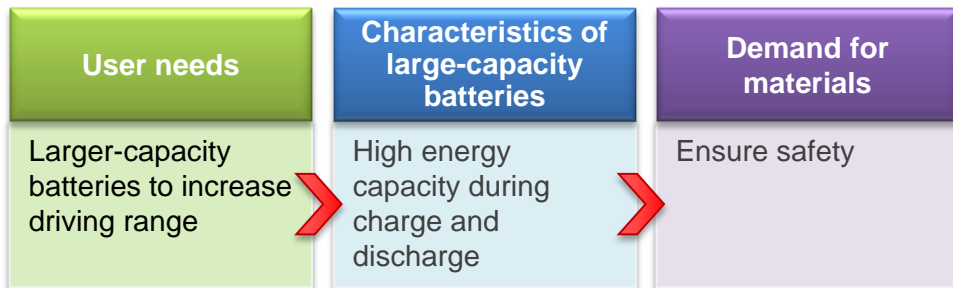
Source: Techno Systems Research Co., Ltd.

## Reference: Separator production capacity



Note: Total capacity for aramid and ceramic coated separator.

## Demand for batteries and materials for EVs



Sumitomo Chemical's separators



Panasonic's secondary batteries

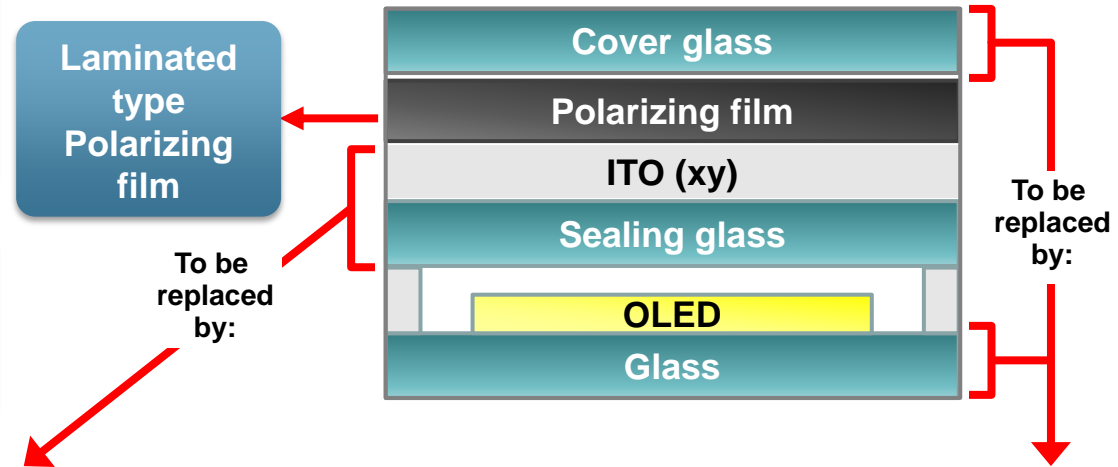


Tesla Motors' Model S



# Commercialize Flexible Display Materials and Components

Current structure of organic LED



- Our strong material development capacity as a diversified chemicals manufacturer
- Our product development capacity and processing technologies for display materials




- Replace glass with plastics**
- Slash thickness and weight
  - Improve durability

## Film-type touch sensors

- Lighter, more durable and less expensive
- Samples of the prototype are undergoing performance evaluation before the start of mass production
- To be launched in the first half of FY2014

## New film to replace glass

- Lighter, more durable (unbreakable) and flexible
- Material design and development is on track; started the development of production technology
- To be launched in FY2015

**To be launched for use in rigid displays in FY2014**  **Stepping stone towards realizing flexible displays**

## Features and advantages

- Strong R&D capabilities and robust product pipeline
- Product lines differentiated from major competitors
- Products with largest market share in Japan\*1 and with large global market shares\*2
- Global sales network

\*1 Crop protection chemicals, pharmaceutical chemicals and others

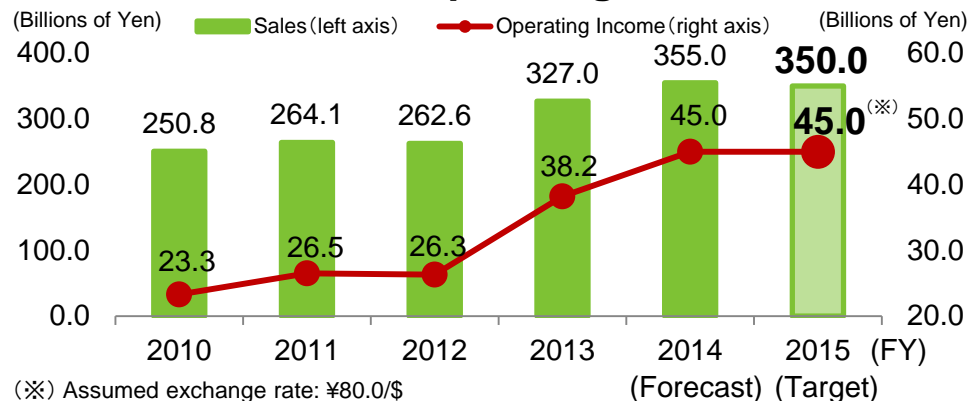
\*2 Household insecticide, methionine and others

## Future growth drivers

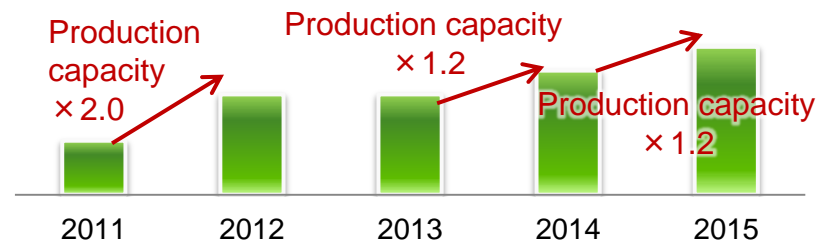
- Achieve greater synergy\*1
- Expand into new business areas
- Enhance business in niche areas
- Continuously launch new products

\*1 Expand alliance with Monsanto and other partners and achieve greater synergy with Nufarm

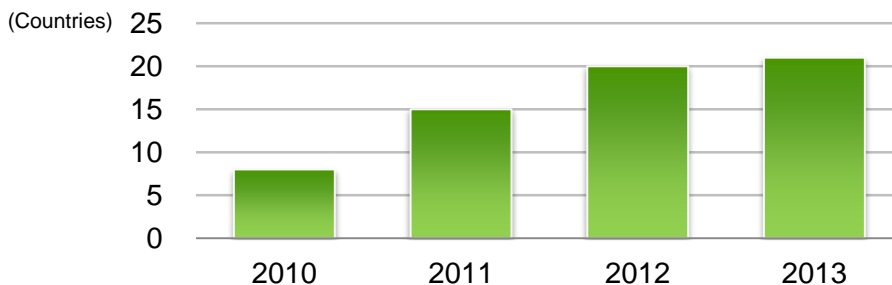
## Trends in Sales and Operating Income



## Flumioxazin Herbicide Production Capacity



## Number of Countries in which Sumitomo Chemical has formed Sales Alliance with Nufarm



Business area	Progress	Next steps
<p><b>Crop protection chemicals</b></p>	<ul style="list-style-type: none"> <li>✓ Formed sales alliance with Nufarm for crop protection chemicals for professional turf, ornamental and aquatics uses in the U.S.</li> <li>✓ Expanded the collaboration with Monsanto into Brazil and Argentina</li> <li>✓ Decided to expand Flumioxazin herbicide production capacity</li> <li>✓ Acquired Pace International to enter post-harvest business</li> </ul>	<ul style="list-style-type: none"> <li>□ Seek to create more synergies from the alliance with Nufarm</li> <li>□ Expand seed treatment business</li> <li>□ Respond to changes in the Japanese crop protection chemicals market</li> </ul>
<p><b>Environmental health</b></p>	<ul style="list-style-type: none"> <li>✓ Acquired shares in U.S.-based McLaughlin Gormley King Company to make it a wholly-owned subsidiary</li> <li>✓ Integrated distribution channels in North America</li> </ul>	<ul style="list-style-type: none"> <li>□ Expand into new areas</li> <li>□ Commercialize animal health products and pharmaceuticals</li> </ul>
<p><b>Others</b></p>		<ul style="list-style-type: none"> <li>□ Commercialize active pharmaceutical ingredients of nucleic acid pharmaceuticals</li> </ul>

### Features of Agriculture in Japan

- Stringent quality control (rigorous safety and quality assurance measures)
- Large consumer market

### Issues for Agriculture in Japan

- Aging farm workers; lack of successors
  - Average age of farmers: 66 (2013)
  - 30% decrease in the number of farm workers between 2005 and 2013
- High-cost social infrastructure built on the premise that small-scale agricultural producers are the major players in Japan's agricultural industry

### Agricultural Policy

Structural reform to make Japan's agriculture attractive and competitive

Abolish acreage reduction policy

Encourage the merger of small farms into larger, integrated farm

Promote the use of new technologies

"Industrialize" Japan's agriculture and expand the scope of agricultural producers' business to include food processing, marketing, sales and services

### Our Business Opportunities and Plans

#### Strengthen marketing capabilities in Japan

- Enhance technical support
- Integrate the sales organizations for crop protection chemicals and fertilizers in order to be better able to offer comprehensive proposals

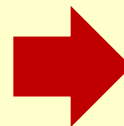
#### Offer a labor-saving fertilizer application and crop protection system

- Enhance product portfolio for paddy rice cultivation
- Seed treatment

#### Promote "total solution provider" business



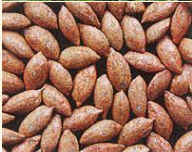




- In addition to selling crop protection chemicals, fertilizers and agricultural supplies, provide related services, including farm management consulting and assistance services, agriculture business management support systems, and agricultural produce sales support
- Managing "Sumika Farm" agricultural corporations

Support agricultural producers with our broad product portfolio and advanced technologies



Enhance agricultural producers' competitiveness and help their efforts to improve product safety and quality

Our products contributing to labor-saving and the improvement of production efficiency in paddy rice cultivation

Cultivation cycle	Rice seeds	Seeding and raising of seedlings, Seed coating	Seedling planting and seed sowing in paddies	Sprouting	Ripening
<p>➤ Transplanting</p> <p>➤ Direct sowing</p>		<p></p> <p></p>	<p></p> <p></p>		
<b>Our products</b>	<b>Seed disinfectants</b>	<b>Insecticides and fungicides</b>	<b>Insecticides, fungicides, herbicides and fertilizers</b>	<b>Insecticides, fungicides and anti-lodging agents</b>	

**Provide products that contribute to making farm work more efficient**

**Reduce labor**

**Streamline/ replace work processes**

**Increase yield**

**Help increase the competitiveness of paddy rice cultivation**

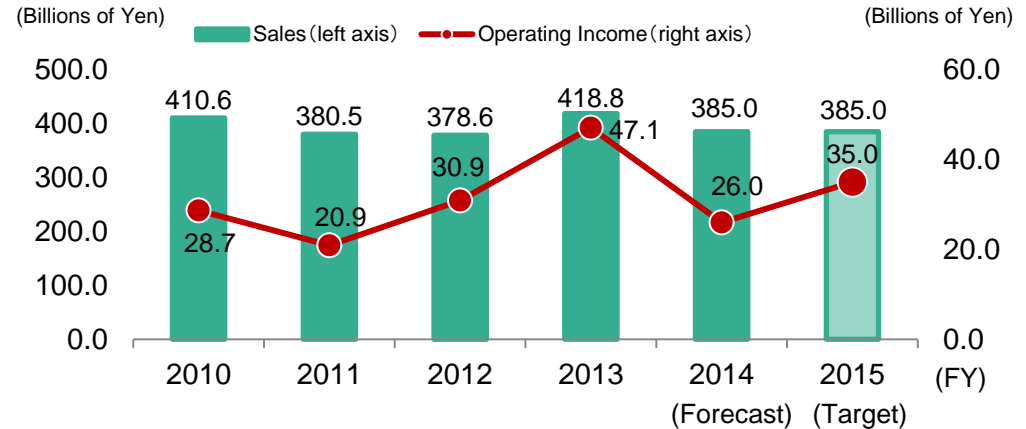
## Features and advantages

- Drug discovery platform in the areas of psychiatry & neurology and oncology
- New drug development capabilities and sales network in the U.S.

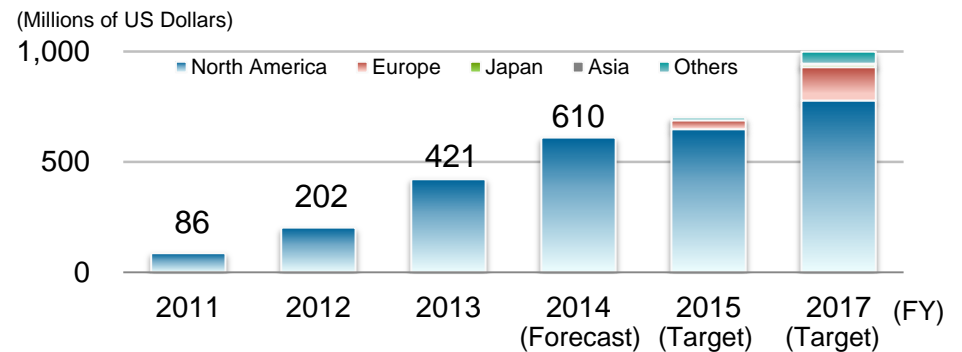
## Future growth drivers

- Increase sales of LATUDA by adding new indications and expanding sales territories
- Enhance product pipeline in the areas of psychiatry & neurology and oncology
- Regenerative medicine and drug discovery by using cell technologies

## Trends in Sales and Operating Income



## Atypical Antipsychotic LATUDA Sales Projections



Note: Data for sales of our business partners in Europe (except U.K.) are our estimates.

Business area	Progress	Next steps
<p><b>Prescription pharmaceuticals</b></p>	<ul style="list-style-type: none"> <li>✓ Additional indication approved in the U.S. for use of atypical antipsychotic LATUDA in treating bipolar I depression</li> <li>✓ Atypical antipsychotic LATUDA approved in Europe as a treatment for schizophrenia</li> <li>✓ APTIOM launched in the U.S. as a treatment for epilepsy</li> <li>✓ Established drug discovery team and sales force for anticancer drugs</li> <li>✓ Alliance with Healios in regenerative medicine and cell therapy business</li> <li>✓ Restructured North American operations</li> </ul>	<ul style="list-style-type: none"> <li>□ Increase LATUDA sales in the U.S. and Europe</li> <li>□ Obtain approval for LATUDA in Japan</li> <li>□ Increase APTIOM sales</li> <li>□ Develop and launch BBI608 and BBI503, anticancer drugs targeting cancer stem cells</li> <li>□ Commercialize cell therapy drug SB623 for stroke recovery</li> <li>□ Commercialize cell therapy drug HLS001 for eye diseases, such as age-related macular degeneration</li> <li>□ Develop first-of-a-kind therapies                         <ul style="list-style-type: none"> <li>• EPI-743 for mitochondrial diseases</li> <li>• DSP-1747 for non-alcoholic steatohepatitis</li> </ul> </li> </ul>



Brand name/ Product code	Generic name	Proposed indication	Development location	Phase I	Phase II	Phase III	Submitted	
CALSED® (Brand name in Japan)	amrubicin hydrochloride	Small cell lung cancer	China					
BBI608	TBD	Colorectal cancer (Monotherapy) (Global clinical trial)	U.S./Canada /Japan, etc.					Closed further accrual of patients
		Gastric cancer (Combination therapy) (Global clinical trial)	U.S.					
		Colorectal cancer (Combination therapy)	U.S./Canada					
		Solid cancer (Combination therapy)	U.S./Canada				※1	
		Gastrointestinal cancer (Combination therapy)	U.S./Canada					
		Gastric cancer (Combination therapy)	Japan					
		WT4869	TBD	Myelodysplastic syndromes	Japan			※2
Solid cancer	Japan							
WT2725	TBD	Solid cancer, Hematologic cancer	U.S.					
		Solid cancer	Japan					
BBI 503	TBD	Solid cancer (Monotherapy)	U.S./Canada					

※1 Phase II of Phase I/II study, ※2 Phase I of Phase I/II study

### Cell therapy drug derived from mesenchymal stem cells

#### 1. Background

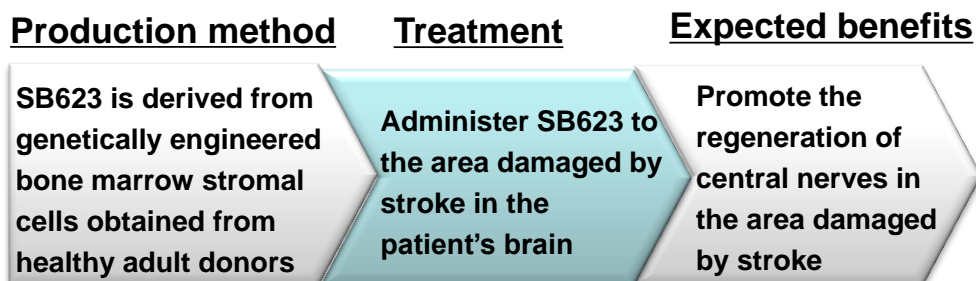
Secured an option from SanBio

- Drug name: SB623
- Therapeutic field: Stroke
- Area: U.S., Canada

#### 2. Development status

- Current status : Phase 1/2 clinical trials under way in U.S.
- Planned launch: FY2017

Stroke treatment by SB623



### Cell therapy drug derived from iPS cells

#### 1. Background

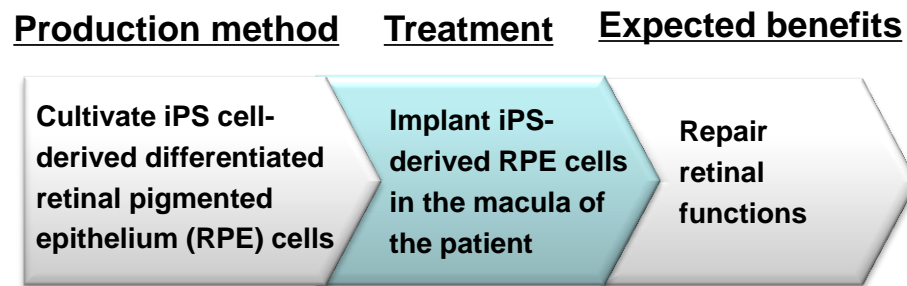
Concluded joint-development agreement with Healios

- Drug name: HLS001
- Therapeutic field: Eye diseases such as age-related macular degeneration  
Japan
- Area:

#### 2. Development status

- Planned launch: FY2018 at the earliest (targeting conditional approval)

Treatment of age-related macular degeneration by HLS001



**Medium- to long-term target: develop a regenerative medicine and cell therapy business of more than 150 billion yen**

**Expand  
specialty chemicals  
business**



**Restructure  
bulk chemicals  
business**



**Improve business portfolio**

# Restructure Caprolactam Business: Decided to Close Down Liquid-Phase Process Plant

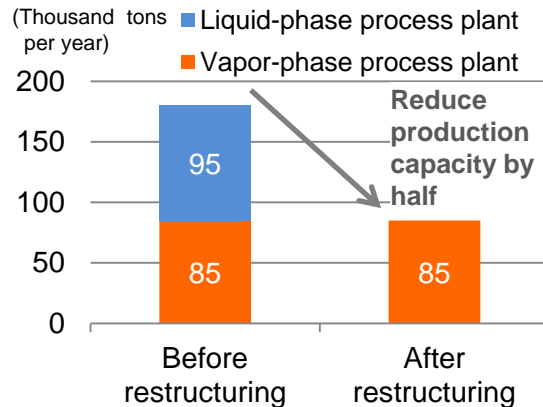
## Restructuring measures

- Close down aging liquid-phase process plant by the end of 2015
- Continue caprolactam business by further improving our competitive vapor-phase process technology and pressing forward with rationalization efforts
- Keep the optimal size of caprolactam business and maintain the supply to key customers by using the capacity of the vapor-phase process plant and procuring caprolactam from a third party as needed

## Vapor-phase process technology

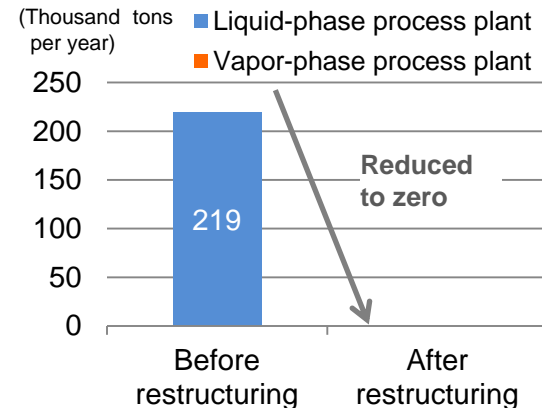
- Developed and commercialized by Sumitomo Chemical for the first time in the world
- The world's highest level of quality (low impurity, best suited for high-speed spinning)
- No ammonium sulfate byproduct; free from the risks of profitability fluctuations due to ammonium sulfate market conditions
- Low maintenance cost because the facilities are still new

### Caprolactam Production Capacity

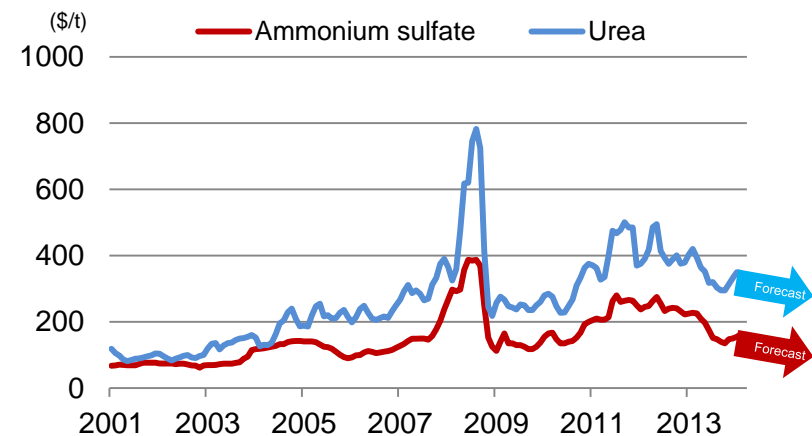


Note: The liquid-phase process plant began operation in 1965, and the gas-phase process plant in 2003

### Production of ammonium sulfate (byproduct of caprolactam)



### Ammonium sulfate market prices



## Launched business restructuring measures

### Attractiveness of MMA business

- Growing demand for MMA polymer
  - Excellent properties such as transparency, weather resistance and hardness
  - Potential demand for a wide range of uses
- Limited MMA monomer capacity
  - Technically highly challenging production process
  - Limited availability of raw materials



Continue to position MMA business as core

### Launched initiatives to restore competitiveness

- Closed down MMA polymer production facilities in Ehime in December 2013\*
- Shifted major part of MMA operations to Singapore

\* Our global production capacity decreased from 195,000 tons to 150,000 tons.

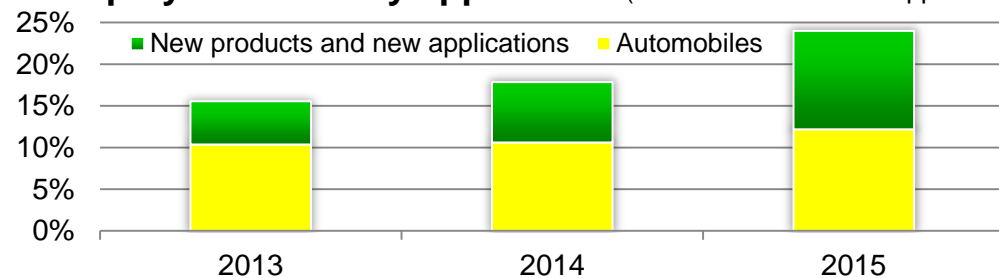
## Initiatives to restore competitiveness

	MMA monomer	MMA polymer
<b>Production</b>	Rationalization Rabigh Phase II Project In-house production of raw materials	Rationalization Rabigh Phase II Project
<b>Sales</b>	Price increases Sales expansion	Price increases Development of new applications and sales expansion
<b>Re-search</b>	Development of high-performance catalysts Development of new manufacturing processes	Development of new applications Development of improved manufacturing processes

Note : The initiatives shown in red are those expected to produce effects during the current Corporate Business Plan period.

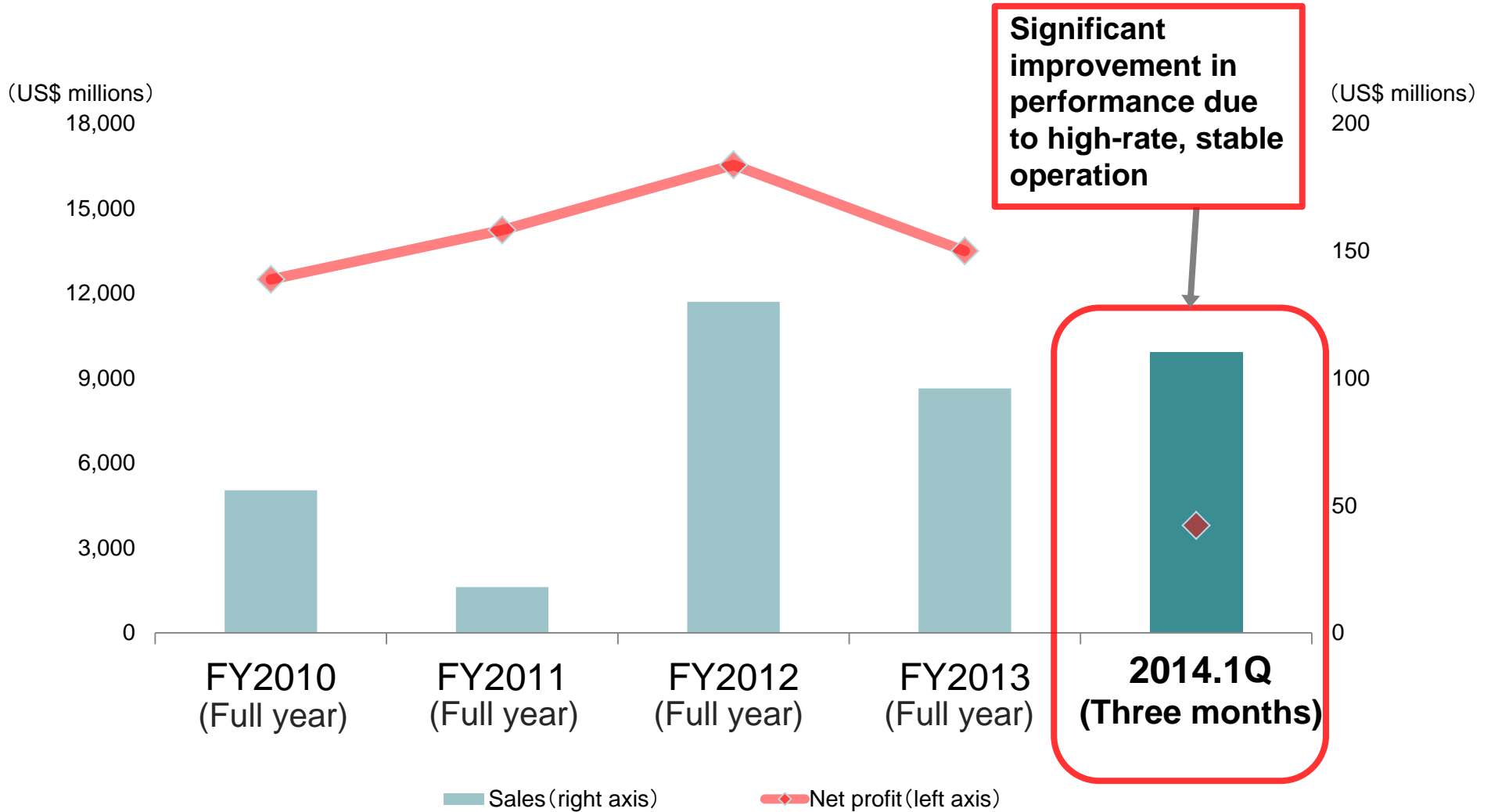
The initiatives shown in blue are those for which a decision will be made during the current Corporate Business Plan period.

### MMA polymer sales by application (automobiles and new applications)



Increase sales volumes by application development and sales promotion

# Petro Rabigh: Earnings

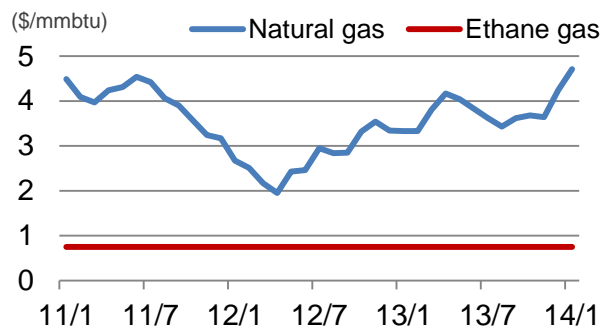


# Overview of Rabigh Phase II Project

## Overview of Rabigh Phase II Project

1. **Total investment** \$ 7 billion
2. **Feedstock** Ethane (approx. 400,000 tons/year)  
Naphtha (approx. 3 million tons/year)
3. **Products** Paraxylene/benzene  
Ethylene vinyl acetate/low-density polyethylene (EVA/LDPE)  
Ethylene propylene rubber/thermoplastic polyolefin (EPDM/TPO)  
Phenol/acetone  
Methyl methacrylate/polymethyl Methacrylate (MMA/PMMA)
4. **Start of operation** First half of 2016

### Comparison of petrochemical feedstock prices



Ethane gas is a **low-cost** feedstock with **stable prices**, compared with natural gas produced in the U.S.

(Note) Natural gas: Henry hub prices

## Progress of the project

### 1. Schedule

**Started feasibility study in April 2009**

**Completed feasibility study in May 2012**

**Signed engineering, procurement and construction (EPC) contracts between 2012 and 2013**

**Complete project financing in the second half of 2014 (planned)**

**Start operation in the first half of 2016 (planned)**

### 2. Current status

- ① **Engineering: Mostly completed**
- ② **Procurement: More than half completed (placed orders for equipment)**
- ① **Construction: Began plant construction in early 2014**

# Bulk Chemicals Business: Progress and Next Steps

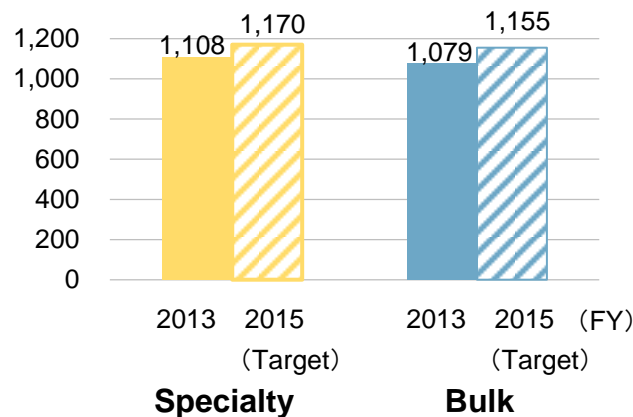
Business area	Progress	Next steps
<b>Basic chemicals</b>	<ul style="list-style-type: none"> <li>✓ Decided to close down liquid-phase process caprolactam plant</li> <li>✓ Closed down P-MMA plant</li> <li>✓ Completed construction of DPF production facilities</li> <li>✓ Expanded production capacity for high-purity alumina</li> </ul>	<ul style="list-style-type: none"> <li>□ Improve competitiveness of caprolactam business</li> <li>□ Restructure MMA business</li> <li>□ Promote DPF</li> <li>□ Increase sales of high-purity alumina</li> </ul>
<b>Petrochemicals</b>	<ul style="list-style-type: none"> <li>✓ Decided to close down ethylene plant at Chiba</li> <li>✓ Decided to close down PO/SM plant</li> <li>✓ Expanded S-SBR production capacity</li> </ul>	<ul style="list-style-type: none"> <li>□ Restructure Chiba Works</li> <li>□ Develop and expand sales of high value-added, differentiated products</li> </ul>
<b>Petro Rabigh</b>	<ul style="list-style-type: none"> <li>✓ Strengthened support from founding shareholders</li> <li>✓ New arrangements with founding shareholders</li> <li>✓ Secured compensation from utilities supplier</li> </ul>	<ul style="list-style-type: none"> <li>□ Realize high-rate, stable operation of Rabigh Phase I project facilities</li> <li>□ Execute Rabigh Phase II project</li> </ul>



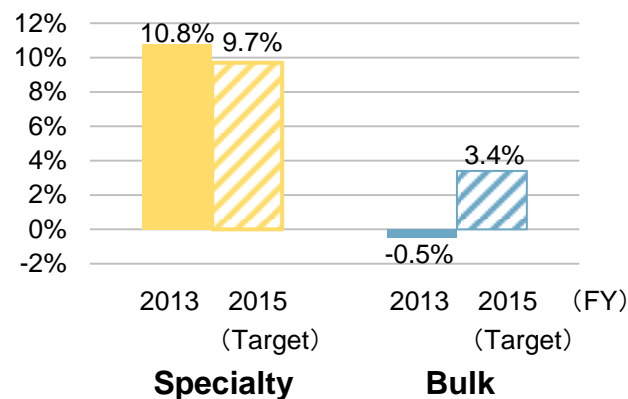
# Become a More Resilient Sumitomo Chemical through Business Restructuring

## Sales

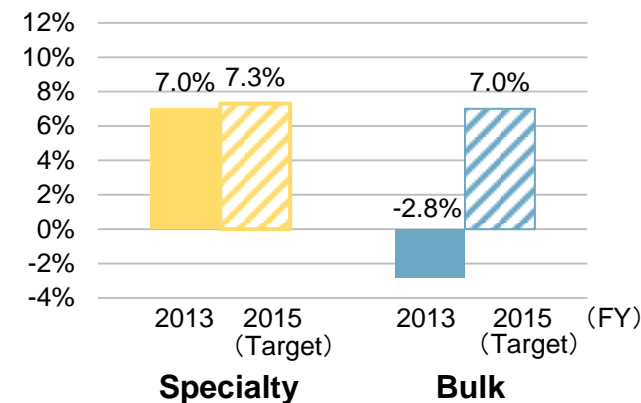
(Billions of Yen)



## Operating Margin



## Return on Investment



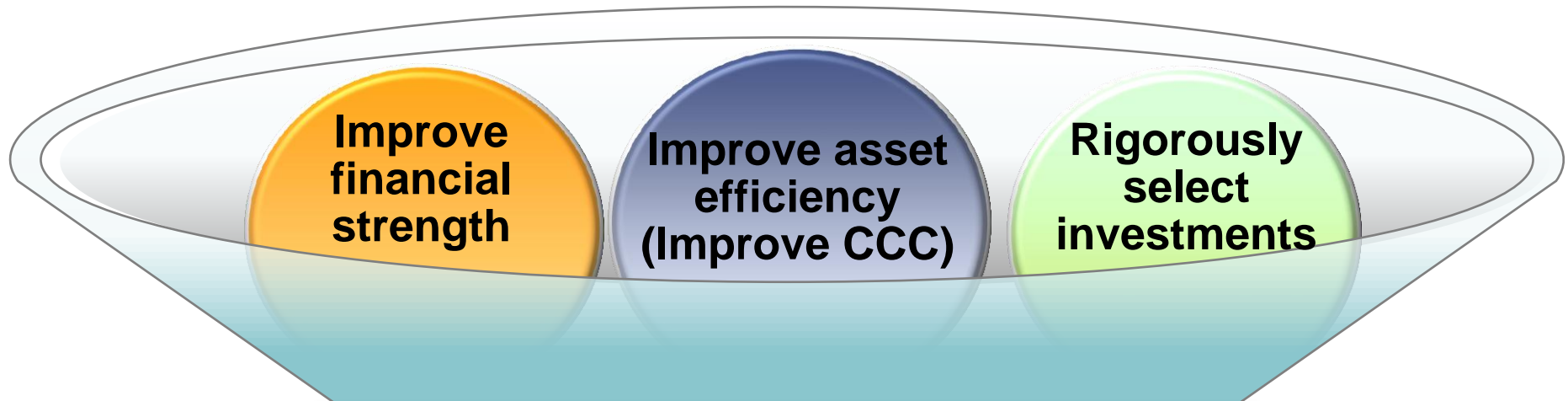
- Expand specialty businesses
- Restructure underperforming businesses
- Quickly maximize returns on major investments

Improve  
business portfolio

Establish robust  
business  
foundations

# Enhance Financial Strength

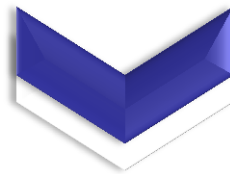
The background features a complex, abstract design of overlapping, semi-transparent blue geometric shapes, including squares and rectangles, arranged in a grid-like pattern that curves and recedes into the distance. A solid horizontal blue line runs across the middle of the page, intersecting the text.



## Enhance financial strength

Target:

Interest-bearing liability balance  
below ¥900 billion at the end of FY2015

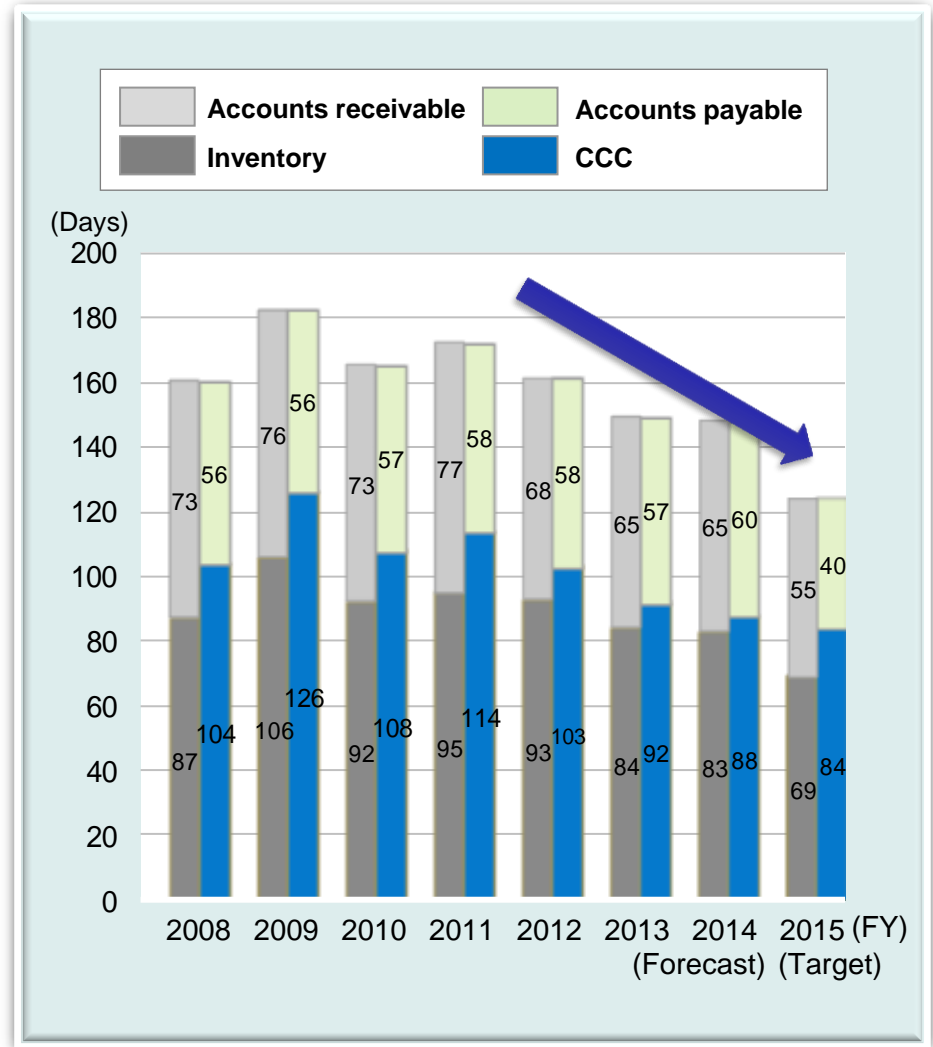


**Secure greater strategic freedom to aggressively pursue growth opportunities**

## CCC Improvement Initiatives

Sector	Initiatives
<b>Basic Chemicals</b>	<ul style="list-style-type: none"> <li>- Shorten accounts receivable terms</li> <li>- Optimize inventory levels</li> </ul>
<b>Petrochemicals &amp; Plastics</b>	<ul style="list-style-type: none"> <li>- Shorten accounts receivable terms for polymer business in Japan</li> <li>- Optimize inventory levels</li> </ul>
<b>IT-related Chemicals</b>	<ul style="list-style-type: none"> <li>- Shorten accounts receivable terms</li> <li>- Reduce inventories by globally standardizing the grades and specifications of products</li> </ul>
<b>Health &amp; Crop Sciences</b>	<ul style="list-style-type: none"> <li>- Reduce the number of crop protection chemicals</li> <li>- Optimize inventory levels</li> <li>- Production at appropriate time</li> <li>- Shorten accounts receivable terms</li> </ul>
<b>Pharmaceuticals</b>	<ul style="list-style-type: none"> <li>- Optimize inventory levels</li> </ul>

## Sumitomo Chemical's CCC



# Cash Flow Projections

(billions of yen)

	Corporate Business Plan FY2010-FY2012 (Result)	New Corporate Business Plan		
		FY2013-FY2015 (Target)	FY2013 (Result)	FY2014 (Forecast)
<b>Cash flows from operating activities</b>	472.3	540.0	194.4	235.0
<b>Cash flows from investing activities</b>	- 445.7	Below - 400.0	- 135.2	-95.0
<b>Free cash flows</b>	26.6	*1 Over 200.0	59.2	140.0

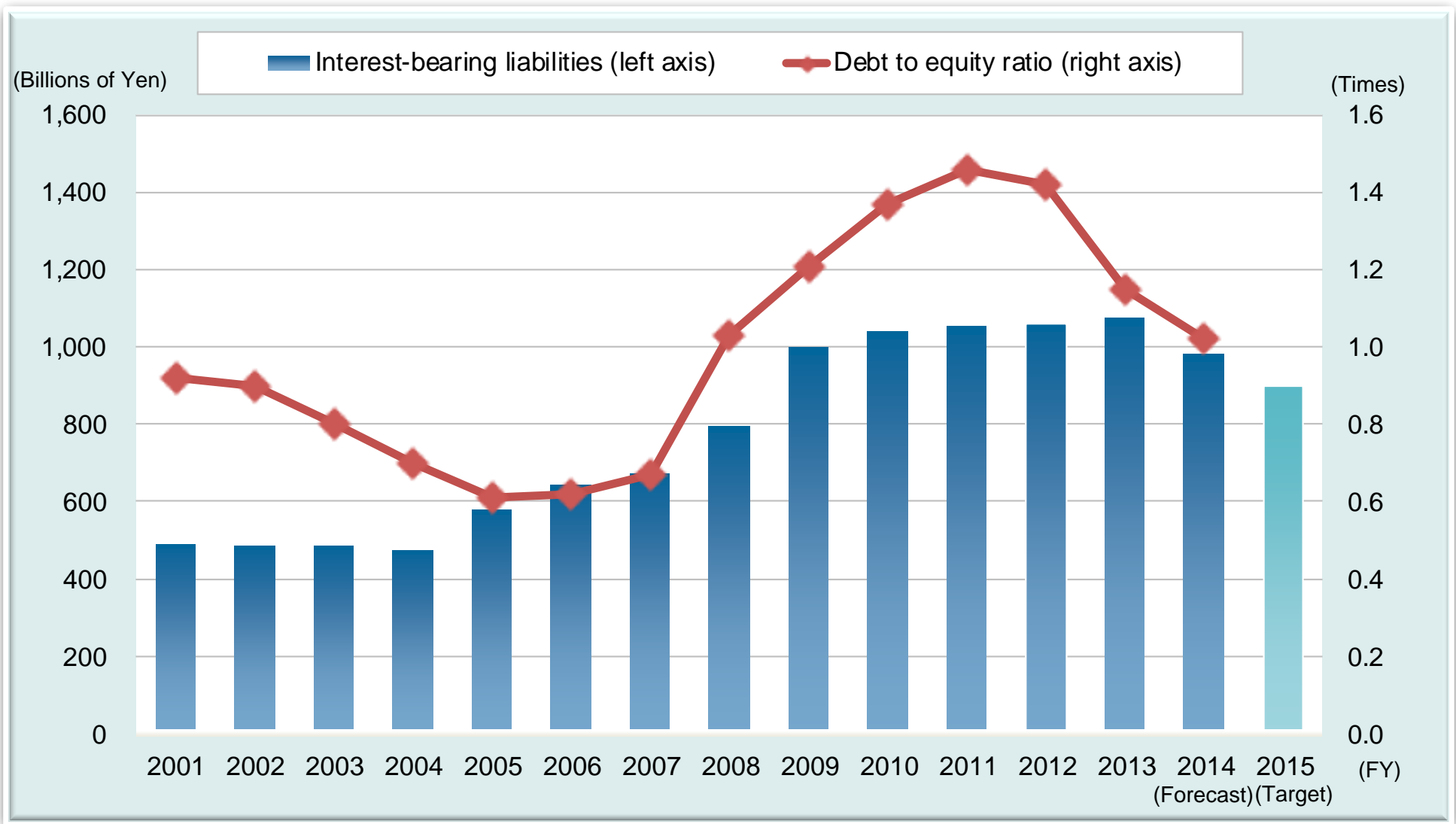
Note \*1: Includes decreases in cash and cash equivalents

(billions of yen)

	End of FY2012 (Result)	End of FY2015 (Target)	New Corporate Business Plan	
			End of FY2013 (Result)	End of FY2014 (Forecast)
<b>Interest-bearing liabilities</b>	1,060.6	900.0	1,074.6	980.0

Note : Rabigh Phase II advance payments: 24 bn yen at end of FY2012, 75 bn yen at end of FY2013

# Interest-Bearing Liabilities and D/E Ratio



# Develop Next-Generation Businesses



# Develop Next-Generation Businesses

Launch	2011	2015	2020-
<b>Environment and Energy</b>	<ul style="list-style-type: none"> <li>✓ Silicon solar cells (HEVA, electrode paste, etc.)</li> <li>✓ Lithium-ion secondary batteries (separators)</li> <li>✓ LED lighting applications (sapphire substrates and alumina, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>✓ PLED lighting</li> <li>Power semiconductors (epitaxial wafers)</li> <li>High heat-resistant and high thermal-conductive resin</li> <li>✓ Diesel particulate filters</li> <li>CO<sub>2</sub> separation</li> </ul>	<ul style="list-style-type: none"> <li>Organic thin-film photovoltaics</li> <li>Lithium-ion secondary batteries (Cathode materials)</li> </ul>
<b>ICT</b>		<ul style="list-style-type: none"> <li>✓ Next-generation polarizing films</li> <li>✓ Encapsulation materials for optical use</li> <li>✓ Flexible display materials and components</li> </ul>	<ul style="list-style-type: none"> <li>PLED (light emitting materials)</li> <li>Organic semiconductors</li> </ul>
<b>Life Sciences</b>	<ul style="list-style-type: none"> <li>✓ Drug for schizophrenia (LATUDA)</li> </ul>	<ul style="list-style-type: none"> <li>Anticancer drugs targeting cancer stem cells</li> <li>✓ Safety evaluation and drug discovery using ES and iPS cells</li> </ul>	<ul style="list-style-type: none"> <li>Crop stress management</li> <li>Cell therapy</li> <li>Regenerative medicine</li> </ul>

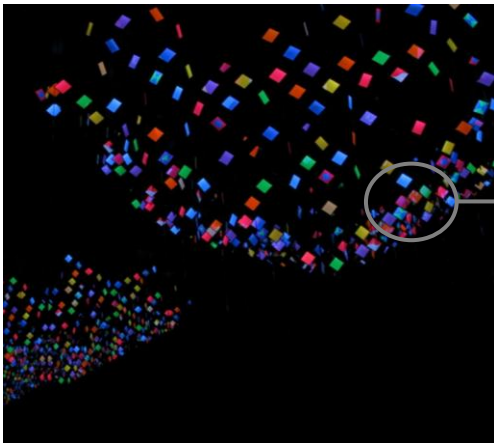
✓ Commercialized/ready to be commercialized



## Features of color PLED lighting

- A wide range of light colors
- Easy-to-view light wavelength
- Thin lighting panels; surface light emission
- Can be manufactured with a single printing step for multiple colors

OLED COSMOS at Light + Building 2014\*



Dual-color PLED lighting panels

## Launched dual-color PLED lighting panels

- Established production technology that enables two colors to be printed on a single panel
- Launched in April 2014, targeting a market of decorative lighting

**Step 1** Enter the decorative lighting segment of lighting market



## Development efforts to enter the general lighting market also under way

- Developing a roll-to-roll process
- Developing high-efficiency long-life materials
- Plan to launch PLED lighting panels for general lighting market in FY2015

**Step 2** Enter general lighting market and expand business



## Projected scale of lighting panel business:

100 billion yen in 2020

\*Light + Building 2014:  
World's largest lighting and building technology trade fair, held in March 2014

Reference:  
Estimated size of global market for lighting in 2020: 16.3 trillion yen  
(light sources: 3.3 trillion yen; lighting devices: 13.0 trillion yen)

# Development of Next-Generation Businesses:

## Promotion of open innovation

### Environment and energy

**HOLST Center**  
PLED lighting devices

**UCLA**  
Organic thin film  
photovoltaic materials

**RIKEN**  
Next-generation catalyst  
technology,  
next-generation energy-  
related technologies

### ICT

**JAPER\***  
Materials for printed  
electronics devices

**Sumitomo Chemical Group**  
**Dainippon Sumitomo Pharma**

**CEREB\***  
Evaluation technologies for  
next-generation  
advanced materials

\*Japan Advanced Printed Electronics Technology  
Research Association

\*Chemical Materials Evaluation and Research Base

### Life sciences

**RIKEN**  
New applications of ES/iPS  
technologies  
Crop protection chemicals

**Kyoto University**  
New anticancer drugs  
New cancer treatments

**Osaka University**  
New drugs for  
neuropsychiatric disorders

\*Research Center Network for Realization of  
Regenerative Medicine

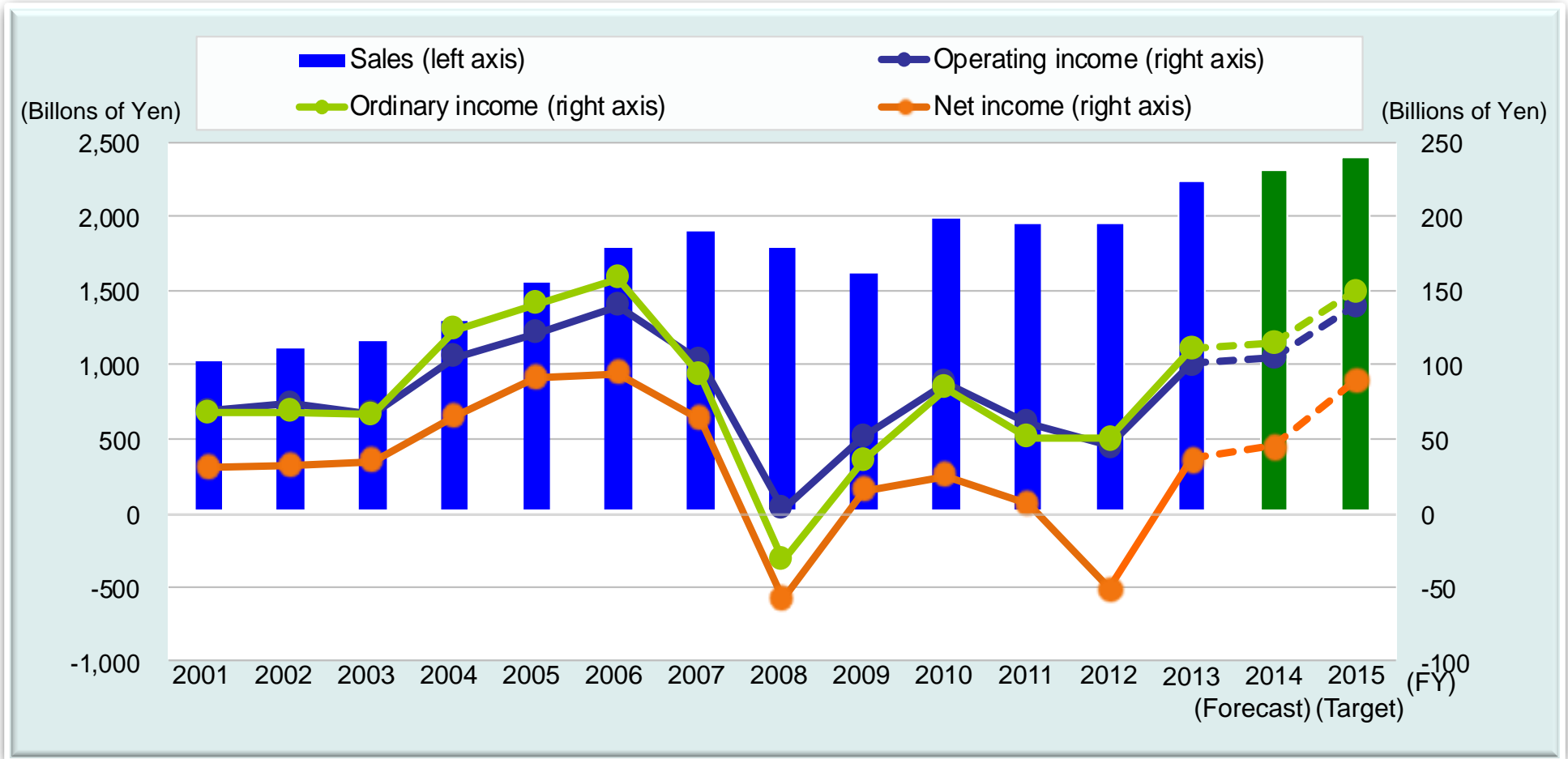
**Kyoto University,  
RIKEN,  
Keio University, etc.\***  
Drug discovery and  
Regenerative medicine  
using iPS cells, etc.

**Accelerate the development of next-generation businesses by merging in-house and third-party expertise**

# Shareholder Return

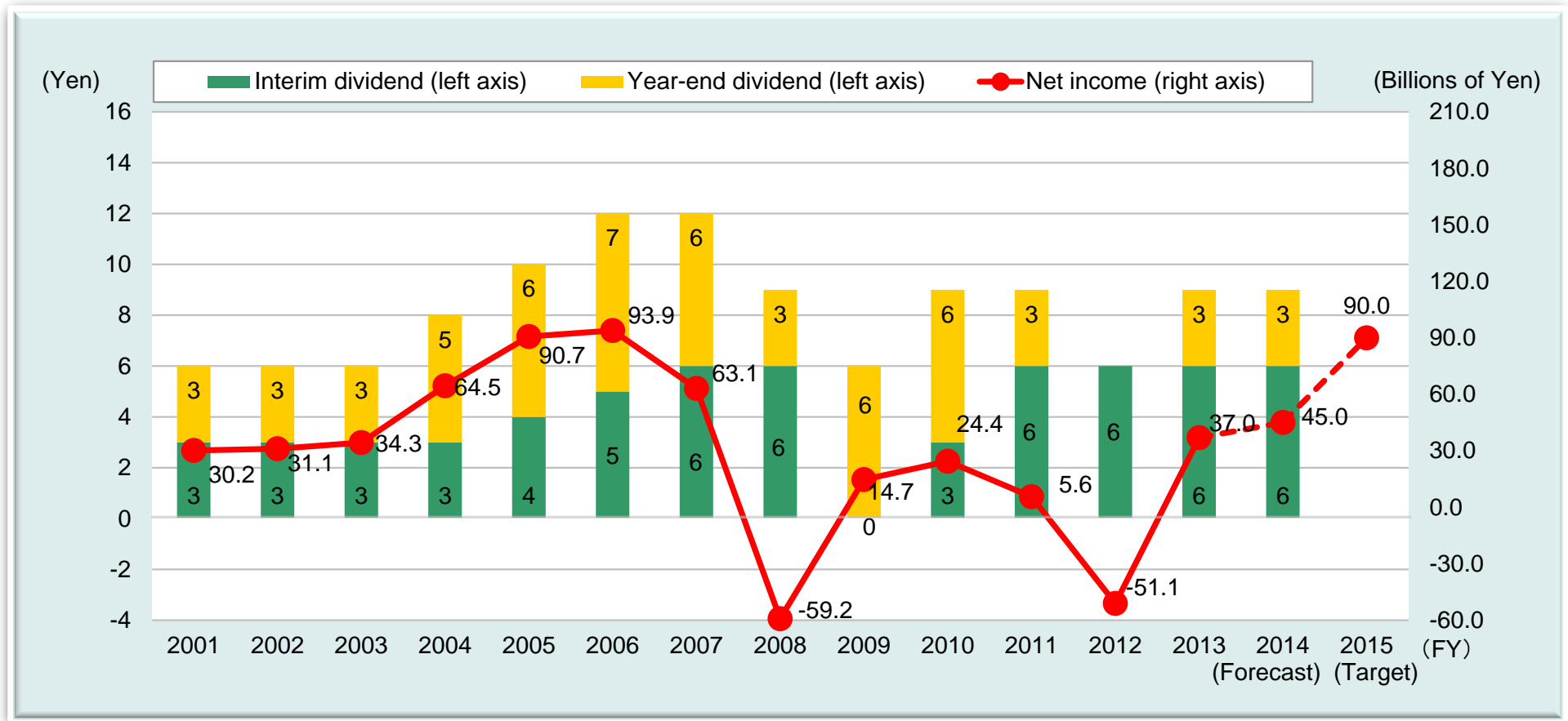


# Performance Targets



# 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



### 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.