

New Medium-and Long-Term Business Plan (From FY 2016 to FY 2025)
SEIKA Grand Design 2025 URUOI

Sumitomo Seika Chemicals has recently formulated its Group-wide medium-and long-term business plan for the period from fiscal 2016 through fiscal 2025 ("SEIKA Grand Design 2025 URUOI"), which is already in active operation.

1. A new vision created for Sumitomo Seika Group

In formulating SEIKA Grand Design 2025 URUOI, Sumitomo Seika has newly developed a Group Corporate Philosophy, which is

“Sumitomo Seika Group will strive to provide "URUOI", a Japanese word meaning richness in quality, to Mother Nature and lives of people through products and services we supply as we ourselves continue to grow, anticipating changes likely to come about in society and thereby creating products of wonder with unique ideas and flexible thinking.”

All companies of the Group will stay united firmly in working to earn customers' trust and confidence all over the world in the products and services they supply, thereby increasing the Group's corporate value.

Under the new Business Plan, Sumitomo Seika Group has identified its main business domains for new business creation, which are "medical care and daily living", "the environment and energy", and "electronics". Many of the corporate resources will be invested in these fields to explore new business opportunities more efficiently and realize early and successful launching of new businesses so explored. Geographically, the Group will advance business development on a global scale, including the U.S. and Europe, but with a main focus on Asia where markets are growing rapidly. At the same time, the Group will attach unchanged importance to harmonization with neighboring communities and ensure the highest priority placed on safety, the environment, and quality as well as fortifying the Group's corporate governance. Meeting these challenges, the Group will strive to achieve various business targets set for fiscal 2025, the final year of the new Business Plan.

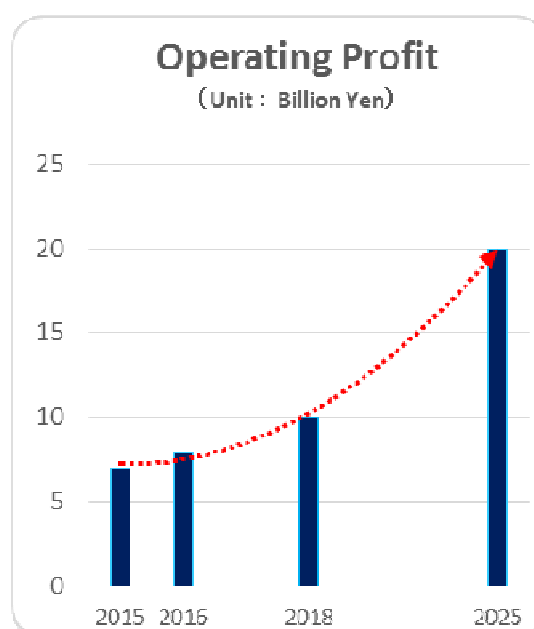
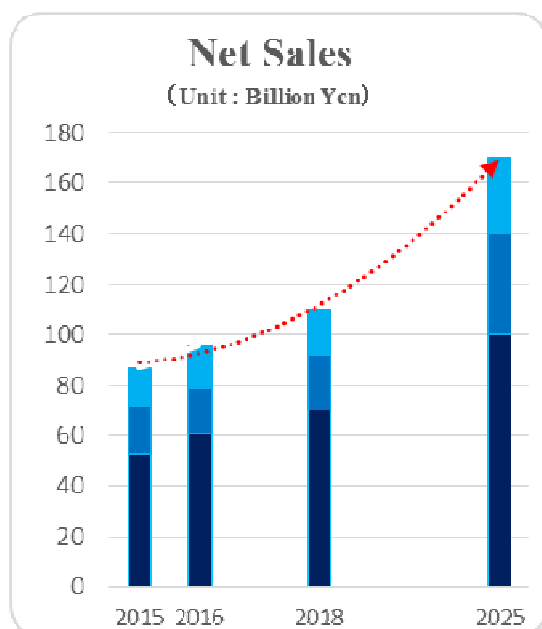
2. Business Polices

Under the new Business Plan, the Group intends to achieve in fiscal 2025 or before net sales of 170 billion yen, operating profit of 20 billion yen (operating margin of 12%), and ROE exceeding 12% through investments amounting to approximately 80 billion yen over the next 10 years which will be spent in launching of new businesses and new products, sales expanding existing products both in Japan and overseas, and undertaking M&As.

(Targets of Consolidated Business Results)

	FY2015	FY2016	FY2018	FY2025	Growth rate from FY 2016
Net Sales	87 Billion Yen	94 Billion yen	110 Billion yen	170 Billion yen	+80%
Operating profit	7.4 Billion yen	8.0 Billion yen	10 Billion yen	20 Billion yen	+150%
Operating profit margin	8.5%	8.5%	9%	12%	+3.5point
ROE	7.5%	9.4%	10%	over 12%	-

(*Assumed conditions from FY 2016 to FY 2025 are Exchange Rate of 110 yen/USD and Naphtha Price of 35,000 yen/kiloliter)



(Policy by Business Segment)

Super Absorbent Polymers Segment

Super Absorbent Polymers Segment, which typically contains businesses capable of providing “URUOI”, will strive to meet ever-diversifying needs of customers mainly in applications for hygienic products. The Segment's business will continue to provide a line of "The Only One" products and services to the world, such as a high-performance super absorbent polymer AQUA KEEP HP, aiming to help people lead a healthier and more comfortable life. Super Absorbent Polymers Segment intends to achieve the target sales of 100 billion yen by fiscal 2025 with further improved profitability.

Chemicals Segment

Chemicals Segment will enhance research and development based on Sumitomo Seika's key technical strength, i.e. "thickening and "binding" in function, and "synthesizing and purifying" and "processing" in technology. Among the main domains mentioned above, Chemicals Segment will endeavor to materialize "URUOI" especially in the fields of" medical

care and daily living", and "the environment and energy" by launching new businesses and new products in both the Japanese market and overseas markets. The Segment aims to build a business structure that will generate sales of 40 billion yen by fiscal 2025, half of which will derive from new products so launched.

Gases and Engineering Segment

Gases and Engineering Segment positions the fields of "electronics", "medical care", "the environment and energy-saving" as their main domains where new businesses and new products will be launched with further advanced gas-related technologies involving synthesis, mixing, separation, purification, analysis, etc. This Segment also plans to carry out "Selection and Concentration" initiatives on existing businesses and focus on the niche market globally, thereby establishing a robust business of gases and engineering, generating sales of 30 billion yen by fiscal 2025.

3. Research and Development Policy

As part of the efforts to achieve the targets of the Business Plan, Sumitomo Seika has set up a new corporate unit, "Innovation Promotion Group", which engages specifically in exploring new business opportunities. Fully utilizing a reservoir of technologies Sumitomo Seika has cultivated over many decades and thereby creating original or unique technological functionalities as well as values accruing therefrom, the Innovation Promotion Group will work to exploit untapped business opportunities. In addition, a new type of R&D system will be built that will help accelerate R&D activities in both the Innovation Promotion Group and each Business Segment through frequent exchanges of information, themes to work on, and human resources. Aiming to enhance overall R&D in this manner, Sumitomo Seika will invest total research expenses corresponding to approximately 4% of its consolidated net sales.

4. Major Initiatives to Strengthen Business Base

Sumitomo Seika Group will vigorously work on the following initiatives to strengthen its business base for sustainable growth in the years ahead.

1) Promoting CSR Activities

With the basic principle of "*prioritizing safety over everything else*" firmly maintained, Sumitomo Seika Group will fulfill its Corporate Social Responsibility by abiding by the spirit of Responsible Care and ensuring legal and ethical compliance, thereby earning trust from society while providing a sense of security or a peace of mind to society.

2) Human Resources Development

To realize the Group Corporate Philosophy through implementing an array of measures under the new Business Plan, employees are the most important of corporate resources. Sumitomo Seika Group will build an enhanced system capable of developing employees' employability through various training programs and also facilitating individuals' systematic career-building.

3) Strengthening the Group Management

As each company of the Group conducts business in a globally and growingly competitive environment, Sumitomo Seika will continue to strengthen the Group management by a variety of measures, including defining more clearly responsibilities and authorities of each organizational unit both in Japan and abroad, optimizing organizational structures and functions according to relevant business strategies adopted and, needless to say, reinforcing the Group's corporate governance.

4) Further Strengthening Technological Capabilities

Given that technological capability is a linchpin for a chemical company to stay competitive, Sumitomo Seika Group will further strengthen the Group's base technologies as well as developing more sophisticated production technologies and stimulating their innovation, which will serve as a driving force to make existing businesses grow further and create new businesses for the future of the Group.