

December 22, 2014

Mitsui Chemicals Inc.

Mitsui Chemicals and SKC to Consolidate PU Material Businesses

Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: Tsutomu Tannowa; "MCI") and SKC Co., Ltd. (Seoul, Korea; CEO: Jang Suk Park; "SKC") announced the signing of a joint venture agreement to consolidate the polyurethane material businesses of both companies.



(From left: Jang Suk Park, CEO of SKC & Tsutomu Tannowa, CEO of Mitsui Chemicals)

MCI and SKC target to form the new joint venture company ("JVC") by April 1, 2015 subject to completion of necessary procedures, such as the obtaining of relevant approvals and licenses.

The JVC is headed to be a global comprehensive manufacturer of polyurethane materials which provides value for customers and targets sales of US\$2.0 billion per year around 2020.

Basic strategies of the JVC are as follows:

1. Satisfy customer needs in growing markets

The JVC will fully utilize the global networks of MCI and SKC covering Far East Asia, China, ASEAN, Europe, and the Americas based on close relationships with customers and the provision of quick and efficient technical services.

2. Explore new businesses globally

The JVC will develop new applications and customers through consolidation of products and technologies of MCI and SKC.

3. Improve profitability

The JVC will secure global top cost competitiveness by optimizing resources/maximizing efficiency and taking advantage of parent company raw materials.

The JVC intends to maximize the synergy effects by integrating system product businesses. The knowledge and information accumulated by MCI and SKC over the years will be shared and utilized by the JVC to provide total solutions to customers.

Outline of Joint Venture Company

Company name	To be determined															
Location of head office	Republic of Korea															
Commencement of operations	April 1 st , 2015															
Shareholding Ratio	MCI 50%, SKC 50%															
Business	Development, manufacturing, and sales of polyurethane materials															
Revenue	Approximately US\$1,500 million in 2015															
Products, Locations & Capacities	<table border="1"> <thead> <tr> <th>Products</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td rowspan="2">TDI</td> <td>Omuta, Japan 120kta</td> </tr> <tr> <td>Kashima, Japan ^{*1)} 117kta</td> </tr> <tr> <td rowspan="2">MDI</td> <td>Omuta, Japan ^{*1)} 60kta</td> </tr> <tr> <td>Yeosu, Korea 200kta (Kumho Mitsui Chemicals, Inc.)</td> </tr> <tr> <td rowspan="4">Polyol</td> <td>Ulsan, Korea 180kta</td> </tr> <tr> <td>Nagoya, Japan 50kta</td> </tr> <tr> <td>Tokuyama, Japan 40kta</td> </tr> <tr> <td>Gujarat, India ^{*2)} 8kta (Vithal Caster Polyols Pvt Ltd.)</td> </tr> <tr> <td>System products</td> <td>Tianjin, Suzhou Foshan and Beijing in China Thailand Indonesia Malaysia United States Poland</td> </tr> </tbody> </table> <p>TDI: Toluene diisocyanate MDI: Polymethylene polyphenyl isocyanate, methylene diphenyl diisocyanate and their variants Polyol: Polyether polyols, polyester polyols, biomass polyols, and other polyols including polymer polyols System products: Mixture of polyols, other raw materials, and additives ^{*1)} Until 2016 ^{*2)} From 2015, Biomass polyol</p>	Products	Location	TDI	Omuta, Japan 120kta	Kashima, Japan ^{*1)} 117kta	MDI	Omuta, Japan ^{*1)} 60kta	Yeosu, Korea 200kta (Kumho Mitsui Chemicals, Inc.)	Polyol	Ulsan, Korea 180kta	Nagoya, Japan 50kta	Tokuyama, Japan 40kta	Gujarat, India ^{*2)} 8kta (Vithal Caster Polyols Pvt Ltd.)	System products	Tianjin, Suzhou Foshan and Beijing in China Thailand Indonesia Malaysia United States Poland
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Consolidation scheme	<ol style="list-style-type: none"> 1) A global headquarters will be established in Korea 2) The headquarters will succeed SKC business with its affiliate companies and own all shares of the Japanese subsidiary 3) The Japanese subsidiary will succeed MCI business with its affiliate companies 															