



July 4, 2014

**DIC Announces Plans to Build PPS Compounds Plant in the PRC
(Zhangjiagang, Jiangsu Province)**

—Plant and new technical center mark DIC's full-scale entry into the high-demand PRC market—

Tokyo, Japan—DIC Corporation today announced that it has resolved to build its first polyphenylene sulfide (PPS) compounds* plant in the People's Republic of China (PRC) in the city of Zhangjiagang, Jiangsu Province. The new plant, total investment in which will be approximately ¥1.3 billion (Rmb77.3 million), will be located within the site occupied by wholly owned subsidiary DIC Zhangjiagang Chemicals Co., Ltd., which produces synthetic resins, among others. Annual production capacity will be 6,000 tons. Construction is expected to begin as soon as official building permits are secured, and to be completed by the end of 2015.

While global demand for PPS compounds continues to grow at 6%–8% annually, annual growth in demand in the PRC, which leads the world in automobile production, is estimated at well above 10%. Market expansion continues to encourage leading global automobile components manufacturers to set up operations in the PRC, while the need to reduce foreign exchange and logistics risks among others has spurred increased interest in local procurement of PPS compounds from such manufacturers. Building a PPS compounds plant in the PRC will thus position us to respond to the needs of customers—thereby facilitating our full-scale entry into the local PPS compounds market—and to expand our sales of these products.

The DIC Group currently has three production bases for PPS compounds, located in Japan (Komaki Plant), Malaysia and Austria. In July 2011, we invested approximately ¥500 million to increase the annual PPS compounds production capacity of subsidiary DIC Compounds (Malaysia) Sdn. Bhd. from 1,500 to 4,500 tons. In 2012, we invested approximately ¥1.5 billion to build a new PPS compounds plant in Austria with an annual production capacity of 6,000 tons. The new plant in the PRC thus represents another major initiative to expand our PPS compounds production capacity.

Our new PPS compounds plant in Zhangjiagang will also deploy a state-of-the-art production control system that enables integrated computerized control of production lines and monitoring processes, helping to improve the safety and precision of production activities, as well as to increase efficiency and yield rates. This system is already in use at our PPS compounds plant in Austria. We expect the system's deployment at the new plant to facilitate achievement of an operating rate in excess of 60% before the end of 2016, the first full year after the facility's completion.

Press Release



DIC Corporation

Additionally, in July 2014 we will open a new technical center in Shanghai, a move aimed at reinforcing our after-sales service configuration in the PRC. The center will provide broad-based customer support, including in such areas as the fabrication of metal molds and the molding of PPS compounds, helping us to build strong bonds of trust with customers and expand sales in the local market, as well as to create a solid and more globally focused operating foundation.

The construction of a new plant in Zhangjiagang will increase our annual global production capacity for PPS compounds to approximately 40,000 tons. Looking ahead, we expect our share of the PRC's PPS compounds market, currently 20%, to eventually surpass 35%, further reinforcing our leading global market share.

* PPS compounds are made by reinforcing heat-resistant PPS polymer with glass fibers or inorganic fillers to create a high-strength compound that boasts outstanding heat and chemical resistance, as well as excellent dimensional stability.



Profile of New Plant

Plant operator: DIC Zhangjiagang Chemicals Co., Ltd.

Address: Jiangsu Province

Completion of construction: 2015 (estimate)

Total investment: Approx. ¥1.3 billion

Annual production capacity: 6,000 tons

DIC Zhangjiagang Chemicals Co., Ltd.

Profile of New Technical Center

Facility name: Shanghai EP Technical Service Center

Address: Shanghai

Start of operations: July 2014

Total investment: Approx. ¥120 million

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