

November 29, 2018

DIC Corporation

DIC to Reduce its Stake in Joint Venture DIC Covestro Polymer

Tokyo, Japan—DIC Corporation and Covestro Japan Ltd. recently reached an agreement whereby Covestro Japan will raise its stake in joint venture DIC Covestro Polymer Ltd., a leading company in the Japanese thermoplastic polyurethane (TPU) industry. Under the agreement, Covestro Japan will increase its stake in the joint venture by 30 percentage points, to 80%, while DIC's holding will become 20%. Closing is expected in the second quarter of fiscal year 2019. This is subject to the approval of the Japan Fair Trade Commission.

Since its establishment in June 2000, DIC Covestro Polymer has become the leading supplier of TPU in Japan by offering unique products such as *PANDEX*[®], originally a DIC offering, as well as by importing Desmopan[®] and Texin[®] from Covestro Japan's parent company, Covestro AG of Germany. With its outstanding versatility, environment-friendly TPU is preferred in a wide range of areas, including automobiles, electric appliances, information technology (IT), healthcare and sports.

DIC's decision to transfer a portion of its stake in the joint venture reflects its concurrence with Covestro's strategy for providing distinctive DIC Covestro Polymer products to a broad range of users through its global network, which encompasses the Americas, Europe and Asia, thereby contributing to organic growth for its overall TPU business. DIC will continue to support DIC Covestro Polymer in a variety of areas, including by supplying materials, as a key business partner with a robust domestic network and brand strength in multiple businesses. DIC Covestro Polymer will continue to conduct R&D and production at its facility in Sakai, Osaka, which is located within DIC's Sakai Plant.

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